COVER SHEET

A	S	0	9	4	-	8	6	7	8

SEC Registration Number

WATERFRONT PHILIPPINES, INC.

(Company's Full Name)

NO. 1 WATERFRONT DRIVE
OFF SALINAS DRIVE LAHUG
CEBU CITY

(Business Address : No. Street City / Town / Province)

MS. IRISH CHARA LAWAS
Contact Person

855-90129
Company Telephone Number

1	2		3	1

Month *Day*

SEC 20IS PRELIMINARY
FORM TYPE

0	9		2	3

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

435
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

WATERFRONT
PHILIPPINES

August 17, 2021

Dear Stockholder:

Please be advised that the annual meeting of the stockholders of WATERFRONT PHILIPPINES, INC. (the "Corporation"), will be held on Thursday, September 23, 2021 at 2:00 p.m. In light of the COVID-19 pandemic and to ensure the safety and welfare of our stockholders, the meeting will be conducted virtually via secure online meeting platform to pass upon the matters:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Previous Stockholders' Meeting
4. Report to the Stockholders for the Year 2020
5. Ratifications of the Acts of the Board and Management
6. Election of Directors for 2021-2022
7. Appointment of External Auditor
8. Appointment of External Counsel
9. Other matters
10. Adjournment

The record date for the purpose of determining the stockholders who are entitled to vote in said stockholders' meeting is August 17, 2021. The stock and transfer book will be closed from August 17, 2021 to September 23, 2021.

PARTICIPATION ONLY VIA REMOTE COMMUNICATION. Stockholders can only participate in the meeting by remote communication. Stockholders as of the Record Date who intend to participate or be represented in the virtual ASM may register by logging in at https://www.waterfronthotels.com.ph/investor_relations/ and attaching the required documents for validation. After validation, the stockholder shall thereafter receive an email confirmation and details with link to log in and view the ASM 2021 at the accorded schedule.

VOTES MAY BE CAST ONLY THROUGH ONLINE CASTING OF VOTES/PROXIES ON OR BEFORE 17 September 2021 (at 5:00P.M.). Stockholders whose shareholdings are lodged with the Philippine Central Depository are reminded to secure a certification of your shareholdings from your respective stockbrokers.

WE ARE NOT SOLICITING YOUR PROXY.

Pasig City, Philippines, August 17, 2021.

ARTHUR R. PONSARAN
Corporate Secretary
Unit 3104, 31st Floor
Antel Global Corporate Centre
#3 Dona Julia Vargas Avenue
Ortigas Center, Pasig City

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [/] Preliminary Information Statement

   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter **WATERFRONT PHILIPPINES, INCORPORATED**

3. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **AS-0994-8678**

5. BIR Tax Identification Code **D80-003-978-254-NV**

6. **No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City** — **6000**
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code
   (02) 559-0130

8. **September 23, 2021 at 2:00 PM online via Zoom in Cebu City**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **August 17, 2021**

10. ***In case of Proxy Solicitations:***

    Name of Person Filing the Statement/Solicitor:
    ____

    Address and Telephone No.:____

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares – P1.00 par value	**2,498,991,753**

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes __X__ No _______

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
    Philippine Stock Exchange – Common shares

PART I.

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

a.) The annual meeting of the stockholders of Waterfront Philippines, Incorporated is scheduled to be held on September 23, 2021 at 2:00 p.m. in Cebu City via the virtual meeting app, Zoom. The complete mailing address of the principal office of the registrant is No.1 Waterfront Drive, Off Salinas Drive Lahug, Cebu City.

b.) Approximate date on which the Information Statement is first to be sent or given to security holders: August 17, 2021.

Item 2. Dissenter's Right of Appraisal

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided under Section 80 of the Corporation Code, under any of the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition, of all or substantially all of the corporate property and assets as provided in the Corporation Code;

- In case of merger or consolidation: and

- In case of investment of corporate funds for any purpose other than the primary purpose of the Corporation.

Under Section 81 of the Corporation Code, stockholders who dissent to certain corporate actions are given the right appraisal as provided in the Corporation Code. Among others, appraisal rights are available to dissenters in case the corporation invests its funds in another corporation or business for any purpose other than its primary purpose. The appraisal right may be exercised by any stockholder who shall have voted against the corporate action, by making a written demand on the corporation within (30) days after the date on which the vote was taken for the payment of the fair value of his shares.

"Indication whether there is any matter to be taken up which will give rise to the exercise of the dissenter's right of appraisal-**there is none.**

Item 3. Interest of Certain Persons in or Opposition to Matter to be Acted Upon

1. Other than election to office and other matters stated herein, no director or officer has any substantial interest in any matter to be acted upon during the Annual Meeting of stockholders on September 23, 2021.

2. No director intends to oppose any action to be taken at the said meeting**.**

B. CONTROL AND OTHER INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

The number of shares outstanding and entitled to vote in the stockholders' meeting is 2,498,991,753 shares as of August 17, 2021. The record date for purposes of determining stockholders entitled to vote is **August 17, 2021**. Stockholders are entitled to cumulative voting in the election of directors, as provided by the Corporation Code.

Under Section 23 of the Corporation Code, cumulative voting is allowed in the election of Directors. Thus, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Security Ownership of Certain Record and Beneficial Owners and Management. There is no change in control of the registrant since the beginning of the last calendar year.

Item 5. Security Ownership of Certain Record and Beneficial Owners:
(As of June 30, 2021)

The following persons are known to the Company to be directly or indirectly the record or beneficial owner of more than 5% of any class of the Company's voting securities:

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class
Common	PCD Nominee Corporation (Fil.) 37/F Tower I, The Enterprise Center 6766 Ayala Ave., Paseo de Roxas, Makati City (PCD Nominee is not related to WPI)	Various Clients	Filipino	1,139,125,973	45.58%
Common	The Wellex Group, Inc. 35th Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas *TWGI is the holding company and major stockholder of WPI.*	The Wellex Group, Inc. 35th Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City • *Represented by Miss Elvira A. Ting, who is a nominee of said company. Directors & Officers are William T. Gatchalian, Dee Hua T. Gatchalian, Kenneth T. Gatchalian, Arthur R. Ponsaran & Yolanda T. de La Cruz*	Filipino	1,128,466,800	45.16%

Foreigners do not own, directly or indirectly, more than 15% of any class of the Company's voting securities. PCD Nominee (Non-Filipino) constitutes only a 1.66%.

Security Ownership of Management
(As of June 30, 2021)

Title Of Class	Name of beneficial Owner	Amount and nature of Beneficial Ownership	Citizenship	% of Class
Common	Kenneth T. Gatchalian	30,000,100 direct	Filipino	1.200
Common	Arthur M. Lopez	1 direct	Filipino	0.000
Common	Elvira A. Ting	10, 000, 009 direct	Filipino	0.400
Common	Aristeo R. Cruz	1,000 direct	Filipino	0.000
Common	Arthur R. Ponsaran	110 direct	Filipino	0.000
Common	Dee Hua T. Gatchalian	350,000 direct	Filipino	0.014
Common	Reno I. Magadia	10,000 direct	Filipino	0.000
Common	Sergio R. Ortiz-Luis Jr.	110 direct	Filipino	0.000
Common	Ruben D. Torres	1,000 direct	Filipino	0.000
Common	Renato C. Francisco	1 direct	Filipino	0.000
	Total Beneficial Ownership	40,361,431		1.615

There is no voting trust holder of 5% or more.
There are no persons holding a certain class of stocks under a voting trust or similar agreement. There are also no arrangements that may result in a change in control of the registrant.
There are no significant changes to the control in the group for the year 2020.

Item 6. Directors and Executive Officers

Nominees for Election as Members of the Board of Directors:
(Final as Pre-screened by Nominations Committee)

Name	Position	Age	Citizenship
Sergio R. Ortiz-Luis, Jr	Chairman of the Board	76	Filipino
Kenneth T. Gatchalian	President/Director	45	Filipino
Elvira A. Ting	Treasurer/Director	61	Filipino
Ruben D. Torres	Director	80	Filipino
Reno I. Magadia	Director	51	Filipino
Arthur M. Lopez	Director	75	Filipino
Dee Hua T. Gatchalian	Director	73	Filipino
➢ Aristeo Cruz	Independent Director	55	Filipino
➢ Renato C. Francisco	Independent Director	78	Filipino

They are in the final list of nominees as pre-screened by the Nominations Committee. They are being nominated by Ms. Elvira Ting, all of whom are not related with her.

Independent Directors should possess all the qualifications and none of the disqualifications to serve as such as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations.

Nominations Committee

Chairman - Arthur M. Lopez -Independent Director
Member - Ruben D. Torres -Independent Director
Member - Lamberto B. Mercado, Jr.

The Company has complied with the Guidelines on the Nomination and Election of the Independent Directors as outlined in SRC Rule 38.

Directors and Executive Officers:

a) There are 9 seats in the Board of Directors. The term of office of each member is one year.
b) The current members of the Board of Directors are as follows:

Office	Name	Age	Citizenship	Position in Other Listed Companies
Chairman of the Board/Independent Director	Sergio R. Ortiz-Luis, Jr.	76	Filipino	Independent Director-Waterfront Philippines, Inc., President & CEO - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Concepts and Solutions, Inc., Vice-Chairman of Alliance Global, Inc.; Director – International Chamber of Commerce of the Philippines, Manila Exposition Complex, Inc., Lasaltech Academy, BA Securities, Rural Bank of Baguio, GS1.; Gov't Affiliations: Vice-Chairman – Export Development Council; Civic Organizations: Chairman - Rotary Club of Green Meadows, Director – PILAK Foundation, Universal Access Center for Trade Others: Honorary Consul General – Consulate of Romania in the Philippines.
Director	Kenneth T. Gatchalian	45	Filipino	Director-Wellex Industries Inc.; President & CEO of Acesite (Phils.) Hotel 2007-present; President and Chief Excutive Officer of Philippine Estates Corporation 2010-2011; Director-Forum Pacific Inc.
Director	Arthur M. Lopez	75	Filipino	Owner and Principal Consultant of AML Hotel Consultancy, Management and Technical Services Consultant of Federal Land and owner of Grand Hyatt Projects and Marco Polo Cebu; Director-Philippine Estates Corp., Chairman- Acesite Phils. Hotel Corp, Hotel Management Consultant of the

				B Hotel Manila, Bellevue Bohol Resort in Panglao, B Hotel Quezon City, Bellevue Baguio (opening in 2018) and Bloomberry Casino Hotels & Resorts; Regional Director of Asia Pacific Top Management International Resources Corp.; Hotel Management Consultant of Double Dragon properties Corporation. President of Legoli Holdings Inc and Arleff Holdings Inc. and President of Phil. Hotel Federation Inc.
Director	Dee Hua T. Gatchalian	73	Filipino	Director- Philippine Estates Corporation, Acesite (Philippines) Hotel Corporation; EVP- Finance and Admin The Wellex Group, Inc., & Plastic City Corporation. Chairperson of Jesus Our Life Ministries, Inc.
Director	Reno I. Magadia	51	Filipino	Managing Director- Misons Industrial & Development Corp., Metro Combined Logistics Solutions, Inc.; Director – Metro Alliance Holdings and Equities Corp. Vice-President and Director of Mercator Filter Manufacturing Corporation.
Director	Lamberto B. Mercado, Jr.	57	Filipino	Director-The Wellex Group, Inc., Metro Alliance Holdings & Equities Corp., Forum Pacific, Inc. Director- Acesite (Phils.) Hotel 2004-present, Air Philippines Corporation and Philippine International Airways, Inc.
Director	Ruben D. Torres	80	Filipino	Independent Director Waterfront Philippines, Inc., President –BPO Workers Association of the Phils..; Senior Partner – Torres Caparas Torres Law Offices; Secretary General-Katipunan ng Manggagawa at Magsasaka ng Pilipinas; Chairman/CEO - Service Exporters Risk Management & Consultancy Co., Towers Corporation and Optimus Medical Care and Trading Corporation.
Director and Treasurer	Elvira A. Ting	61	Filipino	President & CEO – Philippine Estates Corporation; Director- Wellex Industries, Inc., Forum Pacific, Inc., Orient Pacific

				Corporation, Crisanta Realty and Development Corporation, Recovery Development Corporation, The Wellex Group, Inc., Plastic City Industrial Corporation.
Corporate Secretary	Arthur R. Ponsaran	78	Filipino	Director-Philippine Estate Corporation, Wellex Industries, Inc., Forum Pacific, Inc. Acesite (Phils.) Hotel, Managing Partner-Corporate Counsels, Phils., Chairman of Value Management and Options Corp and Corp Secretary of Producers Rural Banking Corp., The Wellex Group, Inc., MRL Gold Phils., Inc., Village Foundation, Shuylkill Assets Strategists (SPV-AMC), Inc., Petrolift Corp.
Director	Renato C. Francisco	78	Filipino	Associate Justice-Court of Appeals, Former Executive Judge of the Regional Trial Court, Former Assistant City Prosecutor for Makati City

The aforementioned nominees are all incumbent directors. The independent directors, Mr. Sergio R. Ortiz-Luis Jr., Atty. Ruben D. Torres, and Atty. Arthur M. Lopez have been independent directors since 2006, 2006, and 2014 respectively. No incumbent director has resigned or declined to stand for election for re-election to the board of directors since the date of the last annual meeting of security holders.

Key Officers

Name	Office	Age	Citizenship
Kenneth T. Gatchalian	President	45	Filipino
Precilla O. Toriano	Corporate Finance Director	52	Filipino
Maria Socorro R. Cotelo	Corporate Planning Director	46	Filipino
Lanelle Cristina M. Barba	Corporate Peers Resources and Development Director	43	Filipino

A brief description of the nominee directors' and executive officers' business experience and other directorship held in other reporting companies are provided as follows:

Sergio R. Ortiz-Luis, Jr.	**Chairman of the Board**

He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Vice Chairman of Alliance Global, Inc., Export Development Council. He is a Director of Manila Exposition Complex, Inc., Lasaltech Academy, Philippine Estate Corporation, BA Securities, Rural Bank of Baguio, PILAK Foundation, and Universal Access Center for Trade and Philippine International Training Corporation. He is a Council Adviser Member of Philippine Foundation, Inc., a Founding Director of International Chamber of Commerce of the Philippines and GS1. He is also a member of the

Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117, a Financing Champion of National Competitiveness Council and a Private Sector Representative of Bamboo Council. He is also a Chairman of Rotary Club of Green Meadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the Past President of Rotary Club of Green Meadows Quezon City RI District 3780; a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-present. In 2014, he attended Exporter's Partner in Gearing the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63rd Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.

Kenneth T. Gatchalian	**President**

Mr. Kenneth T. Gatchalian is the President of the Company. He is a member of the Board of Forum Pacific, Inc. and Wellex Industries, Inc., and The Wellex Group, Inc. He holds a Degree in Bachelor of Science in Architecture from University of Texas in San Antonio, Texas, USA. He has been the Director of Waterfront since February 2001.

Arthur M. Lopez	**Director**

Hotel management consultant specializing in general hotel management consultancy services, marketing, hotel design development/technical services, gaming, hotel feasibility study, pre and post hotel opening management services, asset management/owner's representative, food and beverage concept and service, mergers and acquisitions, travel and tours, theme parks and third party management and branding. The Owner and Principal Consultant of AML Hotel Consultants. Hotel Management and Development Consultant – Double Dragon Properties Corporation (PSE listed) - Hotel of Asia Inc. – Jin Jiang Ortigas, Jin Jiang Inn Makati, Injap Tower Iloilo, Hotel 101 Manila (500 rooms), Hotel 101 Fort project (600 rooms, under construction); Hotel 101 Bohol (250 rooms, under construction); Hotel Management and Development Consultant – Bellevue Bohol Resort, The Bellevue Hotel Manila, The B Hotel Manila, B Hotel Quezon City; Bellevue Baguio (under construction) opening in 2018; Bellevue Bohol Resort extension (140 rooms) opening 2019. Hotel Management and Development Consultant – Wydham Garden (Wellworth Properties and Development Corporation) Quezon City (200 rooms) opening in 2020 and in a resort hotel in Mactan, Cebu City (300 rooms) opening in 2021. The Chairman – Philippine Estates Corporation (PSE listed) and Acesite Philippines Hotel Corporation, owner of Manila Pavilion Hotel (PSE listed). Director – Waterfront Hotels and Casinos (PSE listed) – Waterfront Cebu City Hotel & Casino, Manila Pavilion Hotel & Casino, Waterfront Airport Hotel & Casino and Waterfront Insular Hotel Davao. President – Philippine Hotel Owners Association, Inc. (PHOAI) – the largest group of hotel owners and developers in the Philippines. Holds a Bachelor of Science degree in Commerce, major in Management, and a Master's Degree in Business Administration (MBA), both from the University of Santo Tomas in the Philippines. He completed a Tourism Management course at the East-West Center, University of Hawaii, Honolulu, Hawaii and Cornell University, Ithaca, New York, USA.

Dee Hua T. Gatchalian	**Director**

Mrs. Gatchalian was elected director of the Company since 24 June 2004-present. She is the Executive Vice-President of The Wellex Group, Inc., and also the Executive Vice-President of Plastic City Corporation. She is a board of director of Philippine Estates Corporation, and Acesite (Phils.) Hotel Corp. She graduated with a degree in Medical Technology from the Far Eastern University in 1970. In addition to her numerous positions in business firms, she is the Chairperson of Jesus Our Life Ministries, Inc., a non-profit, non-stock organization duly registered with the Securities and Exchange Commission.

Reno I. Magadia	**Director**

A Master's degree holder in Business Administration from Pepperdine University in Los Angeles, California, Mr. Magadia is currently the Managing Director of holding firm, Misons Industrial and Development Corp. He is also the Managing Director of Metro Combined Logistics Solutions, Inc. He is on the Board of Directors of Metro Alliance Holdings and Equities Corporation. He held the posts of Vice President and Director of Mercator Filter Manufacturing Corporation. He also worked as Head Portfolio Manager of stock brokerage firm, Papa Securities Corporation. He was also the President and Founder of the Youth Leaders for Change, a non-profit and multi-sectoral organization for youth leaders in Quezon City. He was elected as Director of Waterfront Philippines, Inc., since September 17, 2005-present.

Renato C. Francisco	**Director**

A veteran legal professional, Justice Renato C. Francisco has been serving as an Associate Justice for the Court of Appeals from May 31, 2012 – August 20, 2018. An Ateneo De Manila University graduate for his Bachelor of Laws, Justice Francisco has served in the judiciary as a Presiding/Executive Judge for the Regional Trial Court – Branch 19 of Malolos, Bulacan. Prior to that, he has also been the Assistant City Prosecutor for Makati City from 1992 to 1996. His extensive knowledge about the judiciary and legislations was further improved by the training programs that he has been a part of including The Harvard Negotiation Intensive, The Seminar-Workshop on Substantive Law and Jurisprudence on Intellectual Property for Court of Appeals Justices.

Ruben D. Torres	**Director**

Mr. Ruben Torres graduated in the University of the Philippines with a degree of Bachelor of Arts (Political Science) after which, he finished the degree of Bachelor of Laws at the same university. Presently he is also the President of BPO Workers Association of the Philippines and Senior Partner of Torres Caparas Torres Law Office. He is also the Secretary General of Katipunan ng Manggagawa at Magsasaka ng Pilipinas. He is associated with the Integrated Bar of the Philippines and Philippine Academy of Professional Arbitrators. His former positions include being a Member of the House of Representatives of the 2nd District of Zambales, Executive Secretary of the Office of the President in Malacañang, Secretary of the Department of Labor and Employment. Mr. Torres became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.

Elvira A. Ting	**Director and Treasurer**

Ms. Elvira A. Ting earned her Bachelor's Degree in Business Administration major in Management from the Philippine School of Business Administration. She has been the Director of Waterfront Philippines, Inc., since October 2000-present. She is also the President/Director of Philippine Estates Corp., a director Wellex Industries, Inc., The Wellex Group, Inc., and Forum Pacific, Inc. She is also a Director/CFO of Acesite Phils. Inc. since 2004-present.

Arthur R. Ponsaran	**Corporate Secretary**

Atty. Arthur R. Ponsaran graduated his Bachelor's Degree from University of the East and he finished the degree of Bachelor of Laws at University of the Philippines. He is the Director of Philippine Estate Corporation, Wellex Industries, Inc., Forum Pacific, Inc. Acesite (Phils.) Hotel, Managing Partner-Corporate Counsels, Phils., Chairman of Value Management and Options Corp and Corp Secretary of Producers Rural Banking Corp., The Wellex Group, Inc., MRL Gold Phils., Inc., Village Foundation, Shuylkill Assets Strategists (SPV-AMC), Inc., Petrolift Corp.

Aristeo R. Cruz	**Director**

Atty. Cruz graduated from De La Salle University with a Bachelor in Commerce major in Accounting on 1986. He was also a graduate of Bachelors of Laws from New Era University in 2005 as Cum Laude, Outstanding Student Awardee, and Class valedictorian. He is a certified Public Accountant and a member of the Philippine Bar. He is the Founding and Managing Partner of Cruz Altares & Associates Law Office. He is the President and Chief operating Officer of Idealand Realty and Development Corp. since 2009 and Statosphere Realty and Development Corp. since 2011. He is the President of Waterstreet Realty Corp.since 2012, Director of Metro Alliance Holdings and Equities Corp. since 2015, Director and Corporate Secretary of Philstar Innovation Realty Corp. since 2011 and Justino Emilia Realty and Management & Development Corp since 20018, and Vice President of Liberty bank since 2018. He is the President of Jose and Luz Locsin Foundation since 2012. He is the Vice Chairman and Director of Dean of Meycauayan College, Inc. since 2011 and 2007, respectively.

Executive

Kenneth T. Gatchalian	**President**

(see above description)

Precilla O. Toriano	**Corporate Finance Director**

Ms. Toriano joined Waterfront in September 10, 2001 as Asst. Financial Controller of Waterfront Cebu City Casino Hotel. After five (5) months, she became the Financial Controller before she was promoted as Corporate Finance Director for the group. Before joining Waterfront, she has already been working with the group; she worked as Internal Auditor at Air Philippines Corp. and eventually transferred to The Wellex Group, Inc. to join the Corporate Internal Audit team, which paved the way for her coming in the Waterfront Hotels and Casinos. She is a CPA by profession; she graduated at the University of the East with a degree of Bachelor of Science in Business Administration Major in Accounting. She took up MBA units in the Polytechnic University of the Philippines. After graduation, she worked as an accounting staff at Liberty Corrugated Boxes Manufacturing, Inc. Then, she moved to Control Management Inc. as an Internal Auditor. After which, she worked for Philippine Remnants Corp. as an Accounting Manager. She had several trainings in the following fields: Managerial Leadership and Decision Making Skills, the Basics of Management Audit, Supervisory Effectiveness, Accounting and BIR Regulations, Accounting and Bookkeeping Audit, Operations Audit, Living and Working in Balance, Management Development Program, Accounting & Administrative Control, and Lean Six Sigma. In 2005, she acquired a Certification in Financial Management for Hotels at Cornell University School of Hotel Administration, in New York USA focusing on High Performance Financial Management For Hotels Operations, Hospitality Financial Management & Operations Decision Making, and Fraud Controls for Managers. She attended the CFO Congress 2007 at Malaysia. In 2010, she was sent to Singapore to attend the Strategic & Sustainable Cost Control Training. She attended the Financial Modeling Seminar in Singapore in 2011. In the year 2012 in June-July, she was sent by the company to New York to attend the Management Development Program at Cornell University thus granting her the "Certification in Strategic Management". On June 2015, she took the 3-day MBA for Chief Finance Officers held in Kuala Lumpur, Malaysia. Attended Corporate Governance on November 18, 2020.

Maria Socorro R. Cotelo	**Corporate Planning Director**

Ms. Cotelo is the Corporate Planning Director for Waterfront Hotels & Casinos. She joined Waterfront in 2003 as Sales Accounts Manager before she moved to help establish Revenue Management in the company from there she continued to work in the Corporate Planning Division undertaking Standardization, Business Development, Reservation & Distribution and Corporate Information Technology. She earned her Bachelor's Degree in Economics at the University of San Carlos and took up masteral units for the same course before pursuing her Bachelor of Laws from SouthWestern University, Cebu City. After completing her Bachelor of Laws, she worked for the Davide, Calderon, and Tolentino Law office in 2002 and as part-time instructor for the University of San Carlos, Economics Department.
She had significant training in Hotel Management and Distribution Systems and attended Revenue Management seminars specifically on Pricing, Travel distribution and technology, Project Management, Branding, and Selling Skills workshops. Her speaking engagement to two of these international seminars & forums under the Travel Distribution Summit Asia in 2008 and 2009 include topics on Revenue Management in Tough times and Integrating Sales and Marketing in Revenue Management. She completed her Certification in Revenue Management at Cornell University, New York in 2011 with focus on hotel and restaurant revenue management, strategic pricing, demand management, strategic marketing and financial management. As part of SEC Compliance, she completed the seminar on Corporate Governance on November 18, 2020.

Lanelle Cristina M. Barba	**Corporate Peers' Resources and Development Director**

Ms. Barba, joined Waterfront on June 2006–April 2008 as Employee/Labor Relations Officer in Waterfront Pavilion Hotel and Casino, and was appointed as Peers Resources' and Development Director of the same property on April 30, 2008. Currently, she is the Corporate Peers' Resources and Development Director of Waterfront Hotels and Casinos. She earned her Bachelor's Degree in Elementary Education at the University of Santo Tomas. Prior joining with Waterfront, she is the HR Officer of Asia Select Inc. and Research Analyst under Employee Relations and Benefits Division of Metrobank. She was sent to various trainings and seminars and in 2009, she was sent to Nanyang University, Singapore to attend the PDP 2009 Building the Human Capital Base: Essential HR Practices for Managers. In 2011 to Bangkok, Thailand for HR Audit training. On November 18, 2020, she completed the seminar on Corporate Governance.

Significant Employees

There are no employees of the Company who is not an Executive Officer but expected to make significant contribution to the business of the Company.

Family Relationship

Mr. Kenneth T. Gatchalian is the son of Ms. Dee Hua T. Gatchalian. Ms. Elvira A. Ting is a sister of Ms. Dee Hua T. Gatchalian and an aunt of Kenneth T. Gatchalian.

There are no other relationships among the officers listed.

Involvement in Certain Legal Proceedings

As of July 31, 2021 none of the directors and officers/nominees was involved in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceedings, or been subjected to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities or commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law.

Certain Relationship and Related Transactions

	Relationship to the Issuer	**Nature of Advances**	**Amount of Advances**
The Wellex Group, Inc. (TWGI)	Ultimate Parent	Secured; interest-bearing; due in one year subject to renewal	2020 – P 983,333,000 2019 – P 1,099,420,000
Pacific Rehouse Corporation (PRC)	Stockholder	Secured; interest-bearing; not impaired; due in one year subject to renewal	2020 – P 573,919,000 2019 – P 563,268,000
Philippine Estate (PHES)	Stockholder	Unsecured; non-interest bearing; due on demand	2020 – P 92,054,000 2019 – P 92,054,000
Crisanta Realty	Stockholder	Unsecured; interest-bearing; due in 5 years	2020 – P 412,370,000 2019 – P 395,196,000

See notes 8 on Consolidated FS 2020

Term of Office

The Directors of WPI are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.
Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have been qualified.

Item 7. Compensation of Directors and Executive Officers

None of the Directors receive compensation for serving as Directors of the Company.

The aggregate paid to the Five

Aggregate Compensation paid to the 5 highly compensated executive officers	Principal Position	Year	Salary (P) (estimated)	Bonus (P)	Other annual compensation
Precilla O. Toriano	Corporate Finance	2021	7, 962,625.00	None	None
	Director	2020	13,022,205.00	None	None
Maria Socorro R. Cotelo	Corporate Planning	2019	12,402,100.00	None	None
	Director	2018	11,811,523.50	None	None
Ms. Lanelle M. Barba	Corporate Peers'	2017	11,249,070.00	None	None
	Resources and	2016	10,713,400.00	None	None
	Development Director				
Anders Goran Helge Hallden	General Manager				
	Hotel Manager				

The President has no remuneration benefit.

Compensation Plan of Directors

The members of the Board of Director are elected for a term of one year. Director per diem are at a rate of Php 8,000.00 (net of 20% ewt) per board meeting. Except for the Chairman and the CEO, Directors, are not entitled to compensation package. Except as herein mentioned, no director received bonuses or profit sharing plans for the years ended 31 December 2019 and December 2018.

Employment Contracts and Termination of Employment and Change—in-Control Arrangements

There is no employment contract and termination of employees and change-in-control arrangement with directors and executive officers.

Warrants and Options Outstanding

There are no warrants and options outstanding held by Waterfront Philippines, Inc.'s CEO, executive officers and all officers and directors as a group.

Item 8. Independent Public Accountants

The external auditor of Waterfront Philippines, Inc. (WPI) for the most recently completed calendar year ending December 2020 is KPMG R.G. Manabat and Co., previously KPMG Manabat Sanagustin and Co., under Mr. Tireso Randy F. Lapidez, Partner in-charge, and they are being recommended by the board of directors for the approval of stockholders for this coming year. The firm also audited the Company's previous calendar year.

The company is in compliance with SRC Rule 68, Paragraph 3(b)(iv) .

There were no changes in and disagreements with the accountants or with the current accounting firm relating on accounting and financial disclosure.

Representatives of said firm are expected to be present at the stockholders' meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Audit Committee

The members of the Audit Committee, composed of at least three (3) directors, at least one (1) of whom shall be an independent director, are elected by the board during the first board meeting following the annual stockholders meeting. Each member of the Audit Committee shall have adequate understanding, at least, or competence at most, of the company's financial management systems and environment. The Audit Committee shall have the functions, powers and authorities as may be prescribed by the Board, or as provided in the Corporation's Manual of Corporate Governance, and as may be prescribed by applicable law and regulations.

Duties and Responsibilities of the Audit Committee

Review all financial reports against compliance with both the internal financial management policy and pertinent accounting standards, including regulatory requirements. Review management policy on financial management, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, crisis management. Review audit plans, scope and frequency of the external audit to the extent advisable, interface with the internal and external auditors. Develop a plan to elevate to international standards the accounting and auditing processes, practices and methodologies, including: a realistic timetable within which the accounting system of the Corporation will be compliant with International Accounting Standards (IAS); an accountability statement that will specifically identify officers and /or personnel directly responsible for the accomplishment of such task;

Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Company through a step-by-step procedures and policies handbook that will be used by the entire organization.

The Board constituted the following committees:

Audit Committee
Chairman - Sergio R. Ortiz-Luis, Jr - Independent Director
Member - Arthur M. Lopez - Independent Director
Member - Dee Hua T. Gatchalian

Audit and Audit-Related Fees

	FOR THE CALENDAR YEAR ENDED DECEMBER 31,	
	2020	*2019*
Aggregate Fees Billed for the external audit of the Company's financial statements	3,477,600.00	3,818,920.00

The Company has complied with the requirements of the Rotation of External Auditors as outlined in SRC Rule No.68, Paragraph 3(b)(iv)

Item 9. Compensation Plans

To date WPI has not issued any options or implemented any option scheme to its directors and officers.

The Company has no immediate plan with regard to any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 10. Authorization or Issuance of Securities Other than for Exchange

As of July 31, 2021, Waterfront Philippines, Inc. has no plans yet to increase its authorized capital stock.

Item 11. Modification or Exchange of Securities

Waterfront Philippines, Inc. has no plans to modify any of each authorized and issued securities or to exchange them to another class.

ADDITIONAL REQUIREMENTS AS TO CERTAIN ISSUES AND ISSUER

As of December 31, 2020 the company has a net worth of P9.4 billion and is not planning to issue unsecured bonds for 2021.

Properties

WCCCHI and *WMCHI* have separate contracts of lease for the use of parcels of land in the province of Cebu.

WCCCHI Land Lease:

Location	Former airport site at Lahug in Cebu City
Size	Approximately 4.6 hectares
Lessor	Mactan Cebu International Airport Authority
Terms of Lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Lease Agreement	Fixed rental per month of Php 11.00 per square meter or a total amount per annum of Php 6,072,000.00 + Percentage rental of 2% of the annual Gross Revenue as defined under the Land Lease Agreement

WMCHI Land Lease:

Location	In front of Mactan-Cebu International Airport, Lapu-Lapu City
Size	Approximately 3.2 hectares
Lessor	Mactan Cebu International Airport Authority
Terms of Lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Lease Agreement	Fixed rental per month of Php 18.75 per square meter or a total amount per annum of Php 7,875,000.00 + Percentage rental of 2% of the Annual Gross Revenues as defined under the Land Lease Agreement.

DIHCI Wholly Owned:

Location	Lanang, Davao City	
Size	Approximately 12.29 hectares but with foreshore area of 4.3 hectares	
	Title	Area (In Sq. Meters)
	TCT 0-255*	2,997
	0-256*	404
	0-256*	304
	0-257*	113
	0-258*	50
	0-259*	404
	T-10250*	44,511
	T-10250*	47,320
	T-10251*	2,091
	T-102510*	2,043
	T-10252*	1,133
	T-10252*	300
	T-10252*	300
	T-10252*	1,580
	T-10252*	643
	T-10254*	500
	T-10254*	400
	T-10303-A*	304
	T-10303*	108
	T-30874*	223
	T-10264*	18,959
	T-10379*	140
	T-0303-A	4,319

ACESITE Land Lease

Location	Corner of United Nations Avenue & Maria Y. Orosa Street in Ermita, Manila
Size	Total land area of 6,500 square meters
Lessor	Cima Realty Philippines Inc. now known as Acesite Realty, Inc.
Terms of Lease	Lease is valid until January 2031, renewable for another 20 years.
Lease Agreement	Php 250,000 per month; escalation of 5% per year

Legal Proceedings

SSS vs. WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.
On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to

P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII numbering 235 million and 80 million shares, respectively.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS appealed with the CA assailing the RTC of Quezon City decision in favor of the Parent Company, et al. SSS filed its Appellant's Brief and the Parent Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Parent Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Parent Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Parent Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Parent Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision. On August 30, 2019, the Court of Appeals rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City. On November 4, 2019, the counsel for the Parent Company, filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020. As at the date of the BOD's approval of the consolidated financial statements, the Parent Company is still awaiting Notice/Resolution from the SC on the Petition for Review.

BIR Assessment

On November 10, 2008, the Parent Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Parent Company sent a protest letter to BIR contesting the said assessment. On February 18, 2009, the Regional Office of the BIR sent a letter to the Parent Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification.

On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. The Parent Company decided not to contest the EWT assessment. The BIR filed its motion for reconsideration (MR) on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at December 31, 2017, the Parent Company is still awaiting the SC's decision.

On May 02, 2018, the legal counsel served copies of the reply in the case pending before the Court of Tax Appeals.

Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

Item. 12. Financial and Other Information

The consolidated financial statements are filed as part of this FORM SEC 20IS, attached hereto and marked as "Annex A."

Item 13. Mergers, Consolidations, Acquisitions and Similar Matters

As of July 31, 2021 Waterfront Philippines, Inc. has no plans to merge, and consolidate with other company, to acquire other company's securities, to acquire any other going business or of the assets thereof, to sell or transfer any substantial part of its assets and to liquidate or dissolve the Company.

Item 14. Acquisition or Disposition of Property

Acesite (Phils.) Hotel Corporation, a subsidiary of the Company, acquired 100% interest in CIMAR (now known as Acesite Realty, Inc.) on October 2011. In July 2011, the Company and CIMAR executed a Memorandum of Agreement (MOA), which effectively settle all pending cases and controversies between the two parties. In fulfillment of all the terms and conditions of the MOA, CIMAR's stockholders including all their nominees, agreed to assign, sell, transfer and convey all existing shares of stocks of CIMAR to the Company.

Item 15. Restatements of Accounts

The Consolidated Financial Statements of Waterfront Philippines, Inc. has been prepared in accordance with Philippine Financial Reporting Standards (PFRS). In particular there have no restatements of Accounts.

D. Other Matters

Item 16. Action with Respect to Reports

1. Annual report for the year ending December 31, 2020 will be presented to the stockholders for approval.

2. Minutes of the 2020 Annual Stockholders' Meeting will also be presented to the security holder for approval.

3. Interim Report as of June 30, 2021 will be presented to the security holder for information regarding the actual situation of the business.

Item 17. Matters Not Required to be Submitted - NONE

Item 18. Amendments of Charter, By-Laws & Other Documents

a. Except for the amendments that the Corporation has made to its by-laws, Article III, Board of Directors, Sections 3-7, as per Board of Directors meeting held on September 1, 2004 and Stockholders' meeting held on September 4, 2004, And it was filed and approved with SEC last September 6, 2005. Since then there is no other amendments made by the corporation.

b. On May 25, 2012, the application for the increase in Acesite (Phils.) Hotel Corp.'s authorized capital stock, one of Waterfront Philippines Inc.'s subsidiaries, from P310 million to P1.21 billion was approved by SEC. Accordingly, the Company distributed the 250% stock dividends or 246,248,212 shares on July 19, 2012 for stockholders of record as of June 25, 2012.

The Board of Directors and the stockholders of Acesite (Phils.) Hotel Corporation approved on June 11, 2009 and July 2, 2009, respectively, the increase of the authorized capital from P1, 210,000,000.00 to P2, 010,000,000.00 via stock rights offering at an entitlement ratio of 0.58:1.

In a special meeting held last July 14, 2014, the Board of Directors approved the amendment of the entitlement ratio from 0.58:1 to 1:1.

The proceeds will be used for the renovations of rooms, facilities, repair and replacement of equipment and working capital.

c. In a special meeting also held last July 14, 2014, the Board of Directors approved the proposal to increase the authorized capital stock of Waterfront Mactan Casino Hotel, Inc, one of Waterfront Philippines Inc.'s subsidiaries, from P13, 800,000.00 to P500, 000,000.00, which increase will be paid-up via declaration of stock dividends in the amount of P262, 200,000.00.

d. Waterfront Philippines Inc.'s principal office address is located at No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City as amended in the Articles of Incorporation on December 19, 2001.

Item 19. Other Proposed Action

For the coming Stockholders meeting on September 23, 2021 at Waterfront Cebu City Hotel, these are the following proposed action to be taken:

a. Approval of Minutes of the previous stockholders meeting.

b. Presentation of the Annual Report and Audited Financial Statements for the calendar year 2020 and during the meeting a copy of the 2nd quarterly report for 2021 will be furnished to the stockholders.

c. Ratification of the acts of the Board of Directors and Management

   For the upcoming Annual Stockholders Meeting on September 23, 2021, below are the agenda, subject for approval of the stockholders:
   - Renewal of licenses with government agencies/offices and other contracts and designation of the authorized signatories.
   - All other administrative matters concerning Waterfront Philippines, Inc.

d. Election of the board of directors for the ensuing term:
   - Mr. Kenneth T. Gatchalian
   - Ms. Elvira A. Ting
   - Ms. Dee Hua T. Gatchalian
   - Mr. Arthur R. Ponsaran
   - Mr. Aristeo R. Cruz
   - Mr. Reno I. Magadia
   - Mr. Arthur M. Lopez
   - Mr. Sergio R. Ortiz-Luis, Jr.
   - Mr. Ruben D. Torres
   - Mr. Renato C. Francisco

e. Appointment of External Auditors
   The board will recommend KPMG R.G. Manabat & Co., previously KPMG R.G. Manabat and Co., as the Corporate External Auditor for the year 2021.

f. Appointment of External Counsel
   For the year 2021, the Board will recommend Corporate Counsels, Philippines as the Legal Counsel of the Company.

Other than the above mentioned proposed actions there are no other matters that the Board of Directors intends to present or have the reason to believe others will present at the meeting.

Item 20. Voting Procedures

The vote of stockholders representing at least majority of the issued and outstanding capital stock entitled to vote is required.

At every meeting of the stockholders of the corporation, each share of stock entitles its owner to one vote, provided, however, that in the case of election of directors, every stockholder entitled to vote shall be entitled to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the entire number of votes cast by him shall not exceed the number of shares owned by him multiplied by the entire number of directors to be elected.

Every stockholder entitled to vote at any meeting of the stockholders may so vote in person or by proxy, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. The instrument authorizing a proxy to act must be in the hands of the Secretary not later than forty-eight (48) hours before the time for the meeting axe (Article II, Sec. 7 of the By-Laws). For the Annual Stockholders Meeting 2021, voting shall be by Proxy or by Voting in Absentia via the provided Online Voting System.

It is being noted that all items in the agenda shall be voted majority of the stockholders.

THE COMPANY'S ANNUAL REPORT ON SEC FORM 17 A WILL BE PROVIDED WITHOUT CHARGE UPON WRITTEN REQUEST OF ANY SHAREHOLDERS OF RECORD ENTITLE TO NOTICE OF AND VOTE OF AT THE MEETING, AT THE DISCRETION OF THE MANAGEMENT, A CHARGE MAY BE MADE FOR EXIBITS, PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE REGISTRANT IN FURNISHING SUCH EXHIBITS. Such written request may be directed to our Corporate Secretary, Atty. Arthur R. Ponsaran, with Office Address at unit 3104 31st floor Antel Global Corporate Center # 03 Doña Julia Vargas, Ortigas Center Center Pasig City.

PART II

"WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED NOT TO SEND A PROXY."

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Manila, August 3, 2021.

By: ______________________
(Signature)

Atty. Arthur R. Ponsaran /Corporate Secretary
(Printed Name / Title)

Financial and Other Information

Management Discussion and Analysis (See Annex I)
Financial Statements (See Annex II)
Changes In and Disagreements with Accounts on Accounting and Financial Disclosure- NONE.

MANAGEMENT REPORT

The group showed a decline in the operation in 2020. The COVID-19 outbreak has spread across the globe causing disruptions to businesses and economic activities. The hotel was one of the most affected industries. Moreover, APHC's reconstruction and restoration is still ongoing, the construction activities also affected by the impact of the pandemic.

Strategies

The hotel properties are centrally located in the central business districts of three prime Philippine destinations, Manila, Cebu and Davao. These are the key cities of the country with the highest tourism traffic. As such our location gives us access to a greater number of foreign and local travelers.

The management team has a substantial management experience in the acquisition of equity interests in hotels in the Philippines. We have enjoyed considerable success in formulating and implementing clear acquisition strategies, and seizing opportunities to explore market potential of the hotel industry.

The acquisition strategy remains sound as it takes half the time to acquire and renovate properties as it does to conceptualize, construct and pre-open new properties. With the expertise in the hotel management, and the partnership with an investment group that is premised on the transfer of clean properties with minimal business risks, the company is confident enough the ability to improve operations and enhance value of acquired assets.

As to price, the Company offers competitive rates and packages catering to the different markets, practices flexible schemes to respond to the dynamic market. As to product/services, consistent excellent service is the key. Moreover, well maintained facilities and equipment, impressive, exciting and value for money promotions in the F&B outlets would definitely make a difference.

The Central Reservations System has given us a powerful presence through 24/7 booking service. As the company strives towards further convenience and accessibility, the company has introduced its online booking facility. The newly redesigned website offers highly efficient online reservations facility that allows customers from all over the world to book real time and receive real time confirmation. This high-speed reservations feature enables the company to fully cater to the online market, whether the purpose is for travel research or convenient booking. All in all the company continue to expand in innovative ways, using technology and new media as a cost effective way to expand its market share, explore new markets and ensure the strength locally and internationally.

In addition to advancement concerning our operations is the upgrading of our Property Management Systems (PMS). These are multi-million peso investments to upgrade our efficiency, and ensuring that our operations remain steady in the years to come. The Waterfront Recipe Guide System is a savvy new strategy to give our F&B operations a boost. This will enable us to standardize our bestselling dishes, aiming to be more consistent in preparation and waste.

At Waterfront, we emphasize service that brings people back, and we reinforce this service through site training, among other programs. We are known for our signature warmth, attention to detail and approachability, qualities that our guests of all nationalities cherish during every stay. Whoever encounters the Waterfront experience will be assured of a reliable, consistent and satisfying brand familiarity that leads to loyalty.

Our greatest software is our People.

Management's Discussion and Analysis or Plan of Operation

Below are the results of operations of the Parent Company and its subsidiaries, for the years ending December 31, 2020 and 2019 together with its financial conditions as of the same period:

RESULTS OF OPERATIONS (Amounts in P)

	2020	2019
Revenues	1,054,632,300	1,997,069,078
Less: Costs and Expenses	717,654,748	1,379,935,134
Gross Income	**336,977,552**	**617,133,944**
Other Expenses (Income)	470,085,862	12,185,032
Net Income (Loss) Before Income Tax	**807,063,414**	**629,318,976**
Income Tax Expense (Benefit)	123,597,065	158,330,614
NET INCOME (LOSS)	**683,466,349**	**470,988,362**
Earnings (Loss) Per Share	**0.158**	**0.176**

FINANCIAL CONDITION (Amounts in P)

	2020	2019
ASSETS		
Current Assets	4,423,715,641	4,124,738,706
Noncurrent Assets	10,819,583,276	8,980,324,285
Total Assets	**15,243,298,917**	**13,105,062,991**
LIABILITIES		
Current Liabilities	2,674,648,755	2,882,792,090
Non-current Liabilities	3,166,286,895	2,828,935,822
Total Liabilities	5,840,935,650	5,711,727,912
Total Stockholders' Equity	**8,319,536,202**	**6,627,464,761**
Minority Interest	1,082,827,065	765,870,318
Total Liabilities & S/H Equity	**15,243,298,917**	**13,105,062,991**

Calendar Year -ended December 31, 2020 as compared with Calendar Year ended December 31, 2019

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended Dec. 31, 2020 was lower than the previous year. In actual performance, revenues from hotel and other subsidiaries for the year 2020 is at P1.054B compared to 2019's P1.997B, decreasing by 47%.

Earnings per share for 2020, P0.158 and P0.176 for 2019. There are no potentially dilutive shares as of December 31, 2020.

Cost and expenses

– Cost and expenses of 2020 is at 718M compared to last year's 1.38B

FINANCIAL CONDITION

Cash and cash equivalents – This account increased by P501M which is 74% higher from last year.

Receivables – Decreased by 20.51% from P667.54M in 2019 to P530.64M in 2020.

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Notes Receivable – Decreased for the year by 12.36M or a decrease of 5.24%.

Inventories – Inventories decreased by 25.43% from last year.

Due from related parties-current portion – The account decreased to P51.41M, an amount 2.23% lower from last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty.

Prepaid expenses and other current assets – An increase of P5.98M from last year's P204.55M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment – There was a 27.09% increase from last year's P6.71B to this year's P8.53B. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

Other noncurrent assets – There is an increase of P167M on this account compared to last year's 703M

Current Liabilities – The account consisted of trade payable, income tax payable, accruals and loans payable. The account decreased by 7.22% from last year; P2.88B in 2019 to P2.67B in 2020.

Loans Payable – Current portion of the loan decreased by 3.44%. Non-current portion amounts to 635M or a decrease of 255M.

Other current liabilities – The account resulted in a decrease from 43.15M last year to 39.04M this year. This refers to concessionaire, other deposits and deferred income.

Calendar Year -ended December 31, 2019 as compared with Calendar Year ended December 31, 2018

RESULTS OF OPERATION

Revenues and Earnings per share
Total revenues for year ended Dec. 31, 2019, was higher than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2019 is at P1.99B compared to 2018's P1.85B, increasing by 8%.

Earnings per share for 2019, P0.176 and P0.017 for 2018. There are no potentially dilutive shares as of December 31, 2019

Cost and expenses
Cost and expenses of 2019 is at 1.38B compared to last year's 1.39B

FINANCIAL CONDITION

Cash and cash equivalents – This account decreased by P35.885M which is 5% lower from last year.

Receivables – Increased by 19% from P561.48M in 2018 to P667.54M in 2019.

Notes Receivable – Decreased for the year by 18.245M or a decrease of 7%.

Inventories – Inventories increased by 24.22% from last year.

Due from related parties-current portion – The account increased by P225M an amount 11% higher from last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty.

Prepaid expenses and other current assets – An increase of P66.683M from last year's P137.87M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment – There was a 32% increase from last year's P5.10B. In compliance with PAS 27, property and equipment (except operating and transportation equipments were carried at revalued amounts effective 2009.

Other noncurrent assets – There is an increase of P504.64M on this account compared to last year's 198.442M

Current Liabilities – The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by 14.19% from last year; P2.53B in 2018 to P2.88B in 2019.

Loans Payable – Current portion of the loan remains at 650M. Non-current portion amounts to 890.43M or a decrease of 277.66M

Other current liabilities – The account resulted in a decrease from 220.96M last year to 43.15M this year. This refers to concessionaire, other deposits and deferred income.

Key Variable and Other Qualitative and Quantitative Factors:

a. Any known Trends, Events or Uncertainties

The Group has assessed that although COVID-19 will not have significant effect on its ability to continue as a going concern, it will still have continuing impact on its operations. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's financial statements when these become estimable.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Omnibus Security and Loan Agreement Covenants
As of December 31, 2020, the Group's debt service coverage ratio has fallen below the agreed threshold, but the Group was able to obtain a waiver for the breach. As at the date of the authorization of the financial statements, the Group is not in default and continues to pay the maturing interest and principal in a timely manner.

c. There are no material off-balance sheet transactions, arrangements, obligations (including, contingent obligations), and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

d. The group is not subject to externally-imposed capital requirements.

Financial Risk and Capital Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, due from related parties, AFS investment, accounts payable and accrued expenses (except for local taxes and output VAT, withholding taxes and deferred income), other current liabilities, loans payable, and other non-current liabilities. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. The credit quality of the Group's financial assets that are neither past due or impaired is considered to be of good quality and expected to collectible without incurring any credit losses.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

Market Risk
Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group"s financial instrument that is primarily exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375.00 million loan from SSS, as well as the stock rights offering of the Parent Company. Since 2006, the Parent Company charged WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. Starting 2017, WCCCHI was not anymore charged with the interest on SSS loan because the Parent

Company has assessed that if it has already fulfilled its obligations related to its use of proceeds from such loan.

Equity Price Risk
Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed in the PSE totaling to 86.71 million shares as at December 31, 2020 and 2019 (see Note 8f).

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Fair Value of Financial Assets and Liabilities
The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

The fair value of AFS investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2020 and 2019.

Risk Management Structure

Board of Directors
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee
Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.

Capital Management
The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2020 and 2019.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the omnibus and security loan agreement. Breaches in meeting the financial covenants would permit the bank to immediately call the loans. There have been no breaches of the financial covenants in the current period.

Interim Periods and Comparable Discussions to Assess Material Changes:

Discussion and analysis on the operating results for the 2nd quarter of 2021 is briefly discussed on the attached SEC Form 17Q.

OPERATIONAL AND FINANCIAL INFORMATION

Market for Registrant's Common Equity and Related Stockholder Matters
1. The stocks of WPI shares which are listed on the Philippine Stock Exchange for the last two calendar years are as set out hereunder:

Peso	**High**	**Low**
2020		
January – March 2020	0.630	0.300
April- June 2020	0480	0.350
July- September 2020	0.460	0.360
October- December 2020	0.780	0.375

Peso	**High**	**Low**
2019		
January – March 2019	0.830	0.640
April- June 2019	0.810	0.640
July- September 2019	0.890	0.650
October- December 2019	0.700	0.570

The number of stockholders of record as of December 31, 2020 on the Register of Shareholders was 435 but the company is not able to identify the actual number of beneficial owners who are registered under the name of the member companies of the Philippine Stock Exchange (PSE). Common shares outstanding as of December 31, 2020 were 2,498,991,753. There are no sales for the last three years of unregistered securities.

The List of top 20 stockholders of record as of June 30, 2021 is as stated hereunder:

Name of Stockholder of Record		**No. of Shares**	**%**
1	PCD NOMINEE CORP. (FILIPINO)	1,139,125,973	45.58
2	THE WELLEX GROUP, INC.	1,128,466,800	45.16
3	PCD NOMINEE CORP. (NON-FILIPINO)	41,499,201	1.66
4	KENNETH T. GATCHALIAN	30,000,000	1.20
5	REXLON T. GATCHALIAN	30,000,000	1.20
6	WESLIE T. GATCHALIAN	30,000,000	1.20
7	FORUM HOLDINGS CORPORATION	20,626,000	0.83
8	PRIMARY STRUCTURES CORPORATION	16,212,500	0.65
9	REXLON T. GATCHALIAN	14,740,000	0.59
10	METRO ALLIANCE HOLDINGS & EQUITIES, INC.	14,370,000	0.58
11	ELVIRA A. TING	10,000,009	0.40
12	CATALINA ROXAS MELENDRES	6,246,000	0.25
13	MANUEL H. OSMENA &/OR MANUEL L. OSMENA II	1,400,000	0.06
14	ROLANDO M. LIM	1,142,500	0.05
15	FELIPE A CRUZ JR.	1,100,000	0.04
16	MARIA CONCEPCION CRUZ	876,000	0.04
17	FREYSSINET PHILIPPINES, INC.	770,000	0.03
18	BENSON COYUCO	605,000	0.02
19	DAVID LAO OSMENA	589,600	0.02
20	UCENA B. ENRIQUEZ	552,000	0.02

The common stock of the company is being traded currently in the Philippine Stock Exchange. On June 16, 1999, the Parent Company declared cash dividend of Php 0.02 per share on its Common Shares outstanding as of May 15, 1999. This amounted to Php 19.23 million. The Parent Company also declared a 10% stock dividend as of September 15, 1999 record date.

Company has not issue dividends since the year 2000. However, it may declare dividends once the deficit is offset and the market for the coming years prosper.

There is no restriction made by the company with regards to the declaration of giving a dividend to stockholders except for standard clauses in commercial loan covenants.

4. Issuance and Exchange of Securities

In 2008, the Parent Company sold its investment in APHC totaling 4,900,000 shares at varying selling price through the PSE. Total proceeds from the sales transactions, net of related expenses and taxes, amounted to P 48.2 million. Gain on sale of APHC shares amounting to P10.1 million was recognized in the December 31, 2008 consolidated statements of operations. The total proceeds from the sale transaction amounting to P48.2 million, which was provided to TWGI s cash advances was recorded as receivable from TWGI and part of the “Due from related parties” account in the consolidated balance sheets (see Note 9). As of December 31, 2008, the Parent Company’s equity interest in APHC decreased to 69% FROM 75% IN 2007.

Date of Sale and Title and Amount of Securities Sold	Names of Underwriters of Identity to whom it May Sold	Share # of Swap	SEC FORM
December 22, 2008 – Common-4,700,000	Not applicable	500,000 @ P9.40	10.1
June 19, 2008 – Common-20,000,000	Not applicable	2,000,000 @ P10.00	10.1
June 26, 2008 – Common-7,000,000	Not applicable	700,000 @ P10.00	10.1
June 30, 2008 – Common-7,610,000	Not applicable	761,000 @ P10.00	10.1
July 2, 2008 - Common – 9,390,000	Not applicable	9,390,000 @ P15.00	10.1

Corporate Governance

The following are the point-by-point compliance of the Company to the Manual:

The Company has a compliance officer in the name of Richard L. Ricardo as required by the Manual for Corporate Governance. Said Compliance Officer reported directly to the Chairman of the Board and in his absence, to the executives of the Company.

The Compliance Officer monitored the compliance regarding the provisions and requirements of the Corporate for Governance Manual.

The Compliance Officer is issuing this certification to the extent of compliance of the Company to this Manual.

The Compliance Officer has identified, monitor and controlled the compliance risks involved in the Company considering the large scope of its operations and the accounting procedures that have to be done correspondingly.

The Board of Directors has taken care of its responsibility to foster long-term success of the Corporation through its meeting every other month. Each meeting has been carefully recorded in minutes. The authority given to each Board member has been within the by-laws of the Company and within the limits of the law.

The Board of Directors has implemented a process of selection to ensure the combination of its directors and officers.

The Corporation through the Board and the Corporate Secretary has complied with all the relevant laws, regulations and codes of best business practices.

The Board of Directors has implemented the proper disclosure of information to its stockholders as exemplified in the General Information Statement sent to each of them.

According to Company's assessment, the directors have conducted fair business transactions with the Corporation, seen to it that personal interests did not prejudice their Board decisions, have devoted time and attention needed for the discharge of their duties and responsibilities, acted judiciously, exercised independent judgment, observed confidentiality, and ensured the continuing soundness, effectiveness and adequacy of the Corporation's internal control environment.

The Board has created committees, namely: the Nomination Committee, Compensation & Remuneration Committee, and the Audit Committee.

The Nomination Committee, composed of 3 voting directors (one is independent), is in charge of the screening of the candidates for a seat in the Board of Directors in accordance to the qualifications set in the Manual. Said Committee has also considered the disqualifications specifically enumerated.

The Compensation and Remuneration Committee is composed of three members, one of them is independent as provided for in the guidelines.

The Compensation and Remuneration Committee has made sure that the compensation of the key officers and executives of the Company was in line with the culture and policies of the Company.

The Compensation and Remuneration Committee has developed a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors and officers. The Committee has also developed a system regarding disclosure of all the incoming officers as to their business interests which might be in conflict with that of the Company. No director or officer has been allowed to decide on his own remuneration.

The Compensation and Remuneration Committee has provided annual reports, information and proxy statements on the disclosure of the compensation for the executives and officers of the Company.

The Audit Committee has been composed of three members, one of whom is independent. The said Committee has reviewed all financial reports against compliance with both the internal financial management policy and pertinent accounting standards. The Committee has also reviewed management policies on financial management, audit plans, interface with the internal and external auditors. The Committee has also developed a financial management system that ensured the integrity of internal control activities throughout the Company.

The Corporate Secretary of Waterfront Philippines, Inc. is Atty. Arthur R. Ponsaran, a Filipino citizen. He possesses the administrative and interpersonal skills. He is also a Certified Public Accountant. He gathered all documents with regard to the discharge of his duties and responsibilities, prepared board meeting notices, submitted through the SEC 17-C the annual certification as to attendance of the directors during Board meetings.

The External Auditor for the year 2020 and 2019 is KPMG R.G. Manabat & Co., and was chosen by the Board and approved by the stockholders upon recommendations of the Audit Committee.

The Internal Auditor reporting directly to the Audit Committee provided reasonable assurance that the key organizational and procedural controls were effective, appropriate and complied.
The Manual for Corporate Governance has been made available to discerning stockholders during office hours of Waterfront Philippines, Inc.

The reports required for the Manual were prepared and submitted to the Commission.
All material information that could potentially affect shares were publicly disclosed in accordance with the rules of the Philippine Stock Exchange and the Commission. The Annual Reports were properly disseminated to the stockholders.

The stockholders were given the right to elect, remove and replace directors in accordance with the Corporation Code. Cumulative was used during the last annual stockholders' meeting. They were also provided the power of inspection of the corporate books and records including the minutes of the Board Meetings, without costs and restrictions.

Other Matters

The Compliance Officer was deemed to have reported grave violations of the Manual but since there was none, none was reported.

The Compliance Officer was deemed to have appeared before the Securities and Exchange Commission upon summons but since there was none, said Officer was not compelled to do so. Waterfront Philippines, Inc. maintains copies of the Manual for Corporate Governance and this is distributed to its employees.

The company did not issue any additional shares during the year to make use of the pre-emptive right for the stockholders.

The shareholders had been granted the right to propose the holding of a meeting, right to propose items in the agenda, but to date none has been communicated to the management of the Company regarding such proposals.

None so far has expressed to exercise his right to Appraisal in the last annual meeting of the stockholders.

The company has submitted its Revised Manual on Corporate Governance in accordance with SEC Memorandum Circular No. 6, series of 2009 "Revised Code of Corporate Governance.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ARISTEO R. CRUZ**, Filipino, of legal age and a resident of No. 4 Malhacan Road, Meycauayan City, Bulacan,after having been duly sworn to in accordance with law do hereby declare that;

1. I am an independent director of **WATERFRONT PHILIPPINES INCORPORATED** and have been its independent director for July 2021.

2. I am affiliated with the following companies or organizations:

COMPANY	POSITION	PERIOD OF SERVICE
Meycauayan College, Inc.	Vice Chairman/Director Dean, College Department	December 2011 – present November 2007 – present
Cruz Altares & Associates Law Office (formerly Cruz, Castro & Altares Law Office)	Founding and Managing Partner	July 2007 – present
Liberty Bank (A Rural Bank), Inc.	Vice President/Compiler	July 2018 - present
Ideailand Realty & Development Corp	President and Chief Operating Officer (COO)	November 2009 – present
Philstar Innovation Realty corp	Director and Corp Secretary	October 2011 – present
Statosphere Realty & Development Corp	President and Chief Operating Officer (COO)	October 2011 – present
Jose & Luz Locsin Foundation	President	November 2012 – present
Justino Emilia Realty and Management & Dev't Corp	Corporate Secretary	March 2008 – present
Waterstreet Realty Corp	President	June 2012 - present
Metro Alliance Holdings & Equities Corp	Director	September 2015 - present
Acesite Phils Hotel Corp	Director	July 2021 - present

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **Waterfront Philippines Incorporated**, as provided for in Section 38 of the Securities Regulation Code, its Implement Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of **Waterfront Philippines Incorporated** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Acesite Phils Hotel Corp. of any changes in the abovementioned information within five days from its occurrence.

Done, this AUG 0 2 2021 day ______, at CEBU CITY.

ARISTEO R. CRUZ
Affiant

SUBSCRIBED AND SWORN to before me this AUG 0 2 2021 day of ______ at CEBU CITY, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. 108-672-299 issued at Bureau of Internal Revenue

Doc. No. 21;
Page No. 6;
Book No. 93;
Series of 2021

ATTY. LUKE MAHATMA R. FERNANDEZ
Notary Public Until Dec. 31, 2021
Notarial Commission No. 108-17
IBP No. 120019-1/10/20 Cebu City
PTR No. 1981288 CY-2021 Cebu City
Roll No 67452 Page # 471 Book XXVIII
MCLE Compliance No VI-0010751 Until April 14, 2022

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RENATO C. FRANCISCO,** Filipino, of legal age and a resident of # 8 Sparrow Street New Marikina, Subdivision, Marikina City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Waterfront Phils., Inc. and have been its independent director since 2019.

2. I am affiliated with the following companies or organizations

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Acesite (Phils) Hotel Corporation	Independent Director	2019-present
Forum Pacific Inc	Independent Director	2019 - present
Philippine Estates Corporation	Independent Director	2019 - present
Court of Appeals	Associate Justice	May 2012 – August 2018
Presiding/Executive Judge	RTC--Branch19,Malolos, Bulacan	November 1996 – May 2012
Assistant City Prosecutor	Makati City	1992 - 1996
Assistant Provincial Prosecutor	Office of the Provincial Prosecutor - Rizal	1987 -1992
Private Practitioner / Businessman		1984 - 1987
Officer in Charge (OIC)/ Legal Division	Metropolitan Bank and Trust Company	1980 - 1984
Associate Lawyer	Sta Ana Law Office	1974 - 1980
Administrative Officer and Legal Counsel	General Coated Fabrics manufacturing, Inc	1974 - 1980

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Phils., Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director /officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in ______________________, pursuant to Office of the President Memorandum Circular No.17 and Section 12 Rule XVIII of the Revised Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of ________________ of any changes in the abovementioned information within five days from its occurrence.

AUG 0 2 2021

Done, this ________ day of _________, at CEBU CITY.

____
Affiant

AUG 0 2 2021

SUBSCRIBED AND SWORN to before me this _____ day of _____________ at CEBU CITY, affiant personally appeared before me and exhibited to me his Tax Identification Number 138-641-391-000.

Doc. No. 22;
Page No. 6;
Book No. 93;
Series of 2021.

ATTY. LUKE MAHATMA R. FERNANDEZ
Notary Public Until Dec. 31, 2021
Notarial Commission No. 108-17
IBP No. 120019-1/10/20 Cebu City
PTR No. 1981288 CY-2021 Cebu City
Roll No. 67452 Page # 471 Book XXVIII
MCLE Compliance No. VI-0010751 Until April 14,

UNDERTAKING

Waterfront Philippines, Inc. hereby undertake to distribute a copy of **SEC FORM 17-Q for the 2nd quarter of 2021** to WPI Stockholders during the Annual Meeting to be held on September 23, 2021.

KENNETH T. GATCHALIAN
President

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 06/30/2021

Count	Name	Holdings
1	ABACUS CAPITAL INVESTMENT CORP. A/C 583002	1,000
2	ABACUS SECURITIES CORPORATION	35,200
3	IMELDA L. ACIDERA	22,000
4	RICARDO R. AGUADO	11,000
5	AH LAY OH	13,750
6	ALBERTO MENDOZA &/OR JEANIE MENDOZA	11,000
7	MA. CYNTHIA AMIGO ALCANTARA	7,700
8	EDGAR M. ALFEREZ	25,000
9	MINERVA R. ALIAZON	4,400
10	HANNAH JALECO ALLANIGUE	6,600
11	DONATO ALMEDA	1
12	RODERICK ALAIN ALVAREZ	10,000
13	ANABELLE C. ALVARO	500
14	MA. WINNINAH S. ANCHETA	5,500
15	BANING P. ANG	2,000
16	BANING P. ANG	2,000
17	MA. LUISA AQUINO	1,000
18	ROMMEL C. AQUINO	1,100
19	EVELYN ARCENAL	11,000
20	RAMONCITO ARCEO	30,000
21	CARLO ARCHES	2,200
22	GENEROSA A. ARENAS	5,500
23	MA. THERESA L. ARGUELLES	110
24	ARIEL M. CONCEJERO &/OR MA. CONSUELO G. CONCEJERO	11,000
25	ARSENIO L. LIM &/OR RUBY O. LIM	10,000
26	ARTHUR H. OSMENA &/OR JANE Y. OSMENA	330,000
27	OWEN NATHANIEL AU	200
28	RAYMOND AZCARATE	1,000
29	GERALDINE BAD-AY	1,100
30	CARINA H. BALONES	10,000
31	DAXIM-REY L. BANAGUDOS	11,000
32	MA. ROSARIO T. BARRETTO	2,200
33	BARTHOLOMEW DY BUNCIO YOUNG	10,000
34	ARSENIO BARTOLOME, III	1
35	EDUVEGES O. BATALAN	2,000
36	AIDA BELLESTEROS	2,200
37	ELENA D. BELLEZA	500
38	BENJAMIN MOMBAY &/OR ELYSIA DELA LLANA	2,200
39	VIVIEN BILBAO	1,100
40	RAMON JAIME VILA BIROSEL	17,600
41	GARRY BOOC	10,000
42	JUN M. BORRES	3,300
43	ERLITA BUGAOAN	200
44	EXUPERTO P. CABATANA	6,600
45	BONIFACIO M. CABATIT	2,000
46	LUZVIMINDA E CABIBIJAN	1,100
47	LORENA R. CABUGAWAN	333
48	PRIMITIVO C. CAL	55,000
49	FE CALDERON	200
50	ELEANOR P. CALIMAG	3,300
51	CLEOFE D.V. CANETE	6,600

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 06/30/2021

Count	Name	Holdings
52	ADELAIDA ZITA R. CARLOS	4,400
53	CARMENCITA MIRANDA &/OR DONNA DEL ROSARIO	5,500
54	JENNIFER CASAS	1,100
55	JOHN PETER CHICK B. CASTELO	1,100
56	CATHAY SEC. CO., INC. A/C# 1684	1,100
57	CATHAY SEC. CO., INC. A/C# 1030	100,000
58	RAY CELIS	2,200
59	CLARO CENIZA	2,200
60	AMELIA CERVANTES	2,200
61	ELVIN CHAN	16,500
62	VICKY L. CHAN	55,000
63	CHARTERED COMMODITIES CORPORATION	294,999
64	CHEAH TUCK	11,000
65	CHESA HOLDINGS, INC.	100,000
66	CARLOS CHING	500
67	CHIOTI HSU	22,000
68	FRANCIS S. CHOA	20,000
69	DEWEY CHOACHUY, JR	111,300
70	CHONG PENG YNG	100,000
71	WILLIAM N. CHUA CO KIONG	7,700
72	BELINDA CHUA	5,500
73	JULIE YAP CHUA	1,000
74	LUIS W. CHUA	5,500
75	YAN TO A. CHUA	132,000
76	MA. REGINA CLIMACO	5,500
77	BEDY DU CO	1,100
78	NELIA CO	20,000
79	ALFREDO COLLADO	900
80	KATHLEEN COPON	16,500
81	ROGER CORRO	2,300
82	FRANKLIN M. COSTALES	10,000
83	BENSON COYUCO	605,000
84	CARMELITA P. CRUEL	8,800
85	ARISTEO R. CRUZ	1,000
86	FELIPE A CRUZ, JR.	1,100,000
87	MA. TERESA P. CRUZ	55,000
88	MARIA CONCEPCION CRUZ	876,000
89	RODOLFO L. CRUZ	100
90	ANITA T. DAVID	11,000
91	ANGELES MORALES DE LEON	4,400
92	ROLANDO D. DE LEON	66,000
93	ROY A. DE LOS REYES	11,000
94	TERESITA I. DE LOS SANTOS	5,500
95	AUGURIO P. DE VERA	2,000
96	CYNTHIA ROXAS DEL CASTILLO	1,100
97	ELMER DELA CRUZ	2,200
98	JOSEFINA DINSAY	16,500
99	PEDRO DOMINGO	12,100
100	NARISA BERLIN R. DURAN	2,200
101	CAROLINE DY	1,100
102	MANUEL DY	11,000

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 06/30/2021

Count	Name	Holdings
103	GARY GO DYCHIAO	200,000
104	E.N. MADRAZO CORPORATION	7,700
105	EAST ASIA OIL & MINING COMPANY, INC.	40,000
106	EBC SECURITIES CORPORATION	48,400
107	EDGARDO YAMBAO &/OR MARIA ISABEL YAMBAO	11,000
108	EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO	55,000
109	EDNA T. ROGANDO &/OR ESTER T. JUCO	2,200
110	LUCENA B. ENRIQUEZ	552,000
111	LEONARDO ERMITA	2,200
112	MA. ISABEL H. ERMITA	8,800
113	ERVERT AVANZADO &/OR LIAZLE AVANZADO	2,000
114	ERIBERTO E. ESTEBAN	5,500
115	FATIMA A. FARRALES	8,800
116	ARISTEO O. FERAREN, JR	17,600
117	ERIC FILAMOR	1
118	FLORENTINO A. GONZALEZ, JR. &/OR LOURDJEAN T. GONZALEZ	2,200
119	FORUM HOLDINGS CORPORATION	20,626,000
120	RENATO C. FRANCISCO	100
121	MA. ROSARIO FRANCO	3,300
122	FREYSSINET PHILIPPINES, INC.	770,000
123	JOCELYN FULACHE	6,600
124	G & L SECURITIES CO., INC.	10,000
125	GRACE M. GALANG	1,100
126	EUGENE GALICIA	3,300
127	MA. LEYLANI V. GAMBOA	2,500
128	ROGELIO GANZON	2,500
129	IMELDA GAPASIN	100
130	MARIA A. GARCIA	8,000
131	GRACIANO AUDWIN T. GARZON	5,000
132	DEE HUA T. GATCHALIAN	350,000
133	KENNETH T. GATCHALIAN	30,000,100
134	REXLON GATCHALIAN	14,740,000
135	REXLON T. GATCHALIAN	30,000,000
136	WESLIE T. GATCHALIAN	30,000,000
137	GUILLERMO F. GILI, JR	20,000
138	MARVIN J. GIROUARD	330,000
139	ANA L. GO	300,000
140	DOMINGO C GO	275,000
141	RUBY PING GO	20,000
142	EDMUNDO Z. GREGORIO	2,000
143	PATRICK C. GREGORIO	1
144	ARTURO GUANZON	33,000
145	MARLENE S. GUEVARA	11,000
146	GUIDO VILLANUEVA &/OR AMELIA VILLANUEVA	1,000
147	GUILD SECURITIES, INC.	1,100
148	GLORIA GUINTU	2,000
149	ROZANA C. GUTIERREZ	6,600
150	SARAH SAN JOSE HAIN	3,300
151	JOSEPH EDWARD HANNEN	2,200
152	HANSON G. SO &/OR LARCY MARICHI Y. SO	100,000
153	BRENDA SOLIDUM HERNANDEZ	3,300

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 06/30/2021

Count	Name	Holdings
154	LILY S. HO	36,300
155	LILIAN HONG	34,000
156	HSBC SECURITIES (PHILIPPINES), INC.	5,000
157	HUNG CHUEN FEI	11,000
158	I.B. GIMENEZ SEC., INC. A/C DPA-003	2,000
159	ROYC CECIL D. IBAY	11,000
160	LUCILA D. ICBAN	2,200
161	INTERNATIONAL POLYMER CORPORATION	33,000
162	JOSE RENE ITURRALDE	200
163	JAY JACOBS	39,600
164	JAMES O. NG &/OR ELSIE Y. NG	10,000
165	ERIC JAO	16,500
166	JESUS ROBERTO SAENZ &/OR AURORA E.	3,300
167	JORGE P. LONTOC OR PACITA L. LONTOC	4,000
168	JOSE YAP &/OR CONCHITA YAP	330,000
169	AURELIO P. JR	13,200
170	RAPHAEL T. JUAN	7,700
171	KATHERINE LIM &/OR MARSHA LIM	11,000
172	KENSTAR INDUSTRIAL CORPORATION	110,000
173	KERRY SECURITIES (PHILS.), INC. -GJ01	4,400
174	JIM HO KHE BIN	20,000
175	CONSUELO DY KHU	11,000
176	CARMELITA KONG KIAT	16,500
177	PHILIP KIONG	11,000
178	ROBERT KLING	39,600
179	MUI SIN KOH-SEAH	4,400
180	CONSUELO C. KON	5,500
181	ROGELIO G. KWAN	622
182	L.M. GARCIA & ASS., INC. A/C# 160	55,000
183	LOLITA LABACLADO	5,500
184	ALEXANDRIA M. LACSON	5,500
185	LESLIE A. LAVA	6,600
186	RICARDO P. LAZARO	11,000
187	RODOLFO B. LEDESMA	30,000
188	ALEXANDER C. LEE	20,000
189	YVETTE LEE	27,500
190	LEONG JEE VAN	55,000
191	RICHARD ANTHONY Y. LIBORO	200
192	LIM TAY	55,000
193	BETO Y. LIM	150,000
194	CARRIE LIM	100,000
195	CELY S. LIM	112,200
196	EMILY LIM	500,000
197	GIOVANNI JOSEF B. LIM	10,000
198	JAY DEXTER A. LIM	16,200
199	JOCELYN O. LIM	2,200
200	KIRBY YU LIM	55,000
201	MONINA GRACE S. LIM	13,200
202	REBECCA TAN LIM	1,100
203	ROLANDO M. LIM	1,142,500
204	JUANITA LIMCHAYSENG	600

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 06/30/2021

Count	Name	Holdings
205	ROMEO S. LINDAIN	1,100
206	LIPPO SECURITIES, INC. FAO: SHEN KUO HSU	8,000
207	LIPPO SECURITIES, INC.	56,500
208	KAROLYN LIU	5,500
209	ARMANDO S. LLARINAS	1,100
210	CHRISTOPHER D. LO	3,300
211	ADRIAN LONG	39,600
212	ARTHUR LOPEZ	1
213	JUAN ANTONIO LOPEZ	3,300
214	JOSEFA T. LUA	11,000
215	MAXIMO V. LUCAS	8,800
216	MATEO H. LUGA	16,500
217	VILMA LUMANOG	2,200
218	LUKE MACABABBAD	3,300
219	MARIO T. MACADAEG	300
220	RENATO B. MAGADIA	200
221	RENO I. MAGADIA	10,000
222	MILAGROS ONG MAGAT	1,000
223	BENJAMIN G. MAGBANUA	1,100
224	GRACE MAGNAYE	16,500
225	GRACE MAGNAYE	5,500
226	LEVI Q. MAGNAYE	2,200
227	MA. YOLANDA MALLARI	30,000
228	MELVIN M. MANALO	2,200
229	EMILIA MANANON	1,100
230	MANUEL H. OSMENA &/OR GRELINA L. OSMENA	100,000
231	MANUEL H. OSMENA &/OR MANUEL L. OSMENA II	1,400,000
232	JESUS B. MARAMARA	2,700
233	MA. MADONNA M. MEDENILLA	5,000
234	RUBEN MEDRANO	100
235	CATALINA ROXAS MELENDRES	6,246,000
236	ROCHELLE V. MENDOZA	200
237	ELIZABETH MERCADO	11,000
238	LAMBERTO B. MERCADO, JR	100
239	MERIDIAN SEC., INC. A/C# 844	200,000
240	METRO ALLIANCE HOLDINGS & EQUITIES, INC.	14,370,000
241	MANUEL S. MILAN	4,400
242	MIZPAH HOLDINGS, INC.	100,000
243	ALBERTO MOGUEL	1,200
244	CONSUELO A. MOPAS	22,000
245	MUI SIN KOH-SEAH &/OR DENNIS CHEE CHIANG SEAH	3,300
246	CRISTINO NAGUIAT, JR.	181,500
247	NG GHIM HWA	4,000
248	LAWRENCE C. NG	10,000
249	BELINDA NGO	5,500
250	NATIVIDAD C. NGUI	4,400
251	VIDA MARIE E. NISPEROS	1,100
252	NOBLE ARCH REALTY AND CONSTRUCTION CORP.	10,000
253	MARCELO S. NUGUID	22,000
254	CARMELO OBCEMEA	10,000
255	TERESITO P. OCAMPO	2,000

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 06/30/2021

Count	Name	Holdings
256	VENUS DE OCAMPO	20,000
257	OCBC SECURITIES PHILS., INC.	40,000
258	OMAR C. POLINTAN &/OR MELITA POLINTAN	1,100
259	ONG YU LING	27,500
260	CARMEN ONG	11,000
261	JIMMY G. ONG	4,400
262	STEVEN M. ONG	6,600
263	VICKY ONG	22,000
264	JUANA ONGKA	5,500
265	REMEDIOS S. ORBETA	14,300
266	ORION-SQUIRE CAPITAL, INC. - 0267	200
267	VIRGIE R. ORTEGA	5,500
268	SERGIO R. ORTIZ-LUIS, JR	110
269	CONSUELO G. OSI	2,200
270	DAVID LAO OSMENA	314,600
271	DAVID LAO OSMENA	275,000
272	GLADYS MAY L. OSMENA	39,600
273	HARVEY OSMENA	11,000
274	MANUEL L. OSMENA, II	39,600
275	MANILYNN L. OSMENA	39,600
276	MEGHANN GAIL L. OSMENA	39,600
277	ANTONIO MAPUA OSTREA	5,500
278	VENUS PACIA	11,000
279	PACIFIC CONCORDE CORPORATION	100,000
280	PACIFIC IMAGES, INC.	100,000
281	PACIFIC REHOUSE CORPORATION	100,000
282	PACIFIC WIDE REALTY DEVELOPMENT CORP.	100,000
283	MA. TERESITA M. PALO	4,400
284	GAUDENCIO H. PANALIGAN	11,000
285	VICENTE LIM PANG	1,000
286	PANTALEON NIEVA &/OR ANGELITA NIEVA	3,300
287	ROSE LUZELLE PAPA	200
288	LYDIA C. PASCUA	1,100
289	SANDRA E. PASCUAL	50,000
290	CIRILO E. PASUCAL	11,000
291	PATRICIA MIADO &/OR MARIO ANGEL MIADO	3,300
292	PCD NOMINEE CORP. (FILIPINO)	1,139,125,973
293	PCD NOMINEE CORP. (NON-FILIPINO)	41,499,201
294	MA. THERESA C. PE	11,000
295	ARACELI P. PENAS	1,100
296	PAUL PESTANO	3,300
297	PHILIP NG CLARIN & EVELYN NG LEE	22,000
298	PIERCE INTERLINK SECURITIES, INC.	150,000
299	ELENETTE C. PINGUL	3,300
300	MABEL POBLETE	1,100
301	ARTHUR R. PONSARAN	110
302	AMANDO J. PONSARAN, JR	16,500
303	PORFIRIO G. MACARAEG &/OR MICHAEL MACARAEG	1,100
304	CHARLES M. PRATT	5,500
305	IMELDA M. PRECION	5,000
306	PRIMARY STRUCTURES CORPORATION	16,212,500

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
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Count	Name	Holdings
307	PUBLIC SEC. CORP.	800
308	DEREK PUERTOLLANO	5,500
309	WINSTON P. PUNZALAN	1,500
310	QUALITY INVESTMENTS & SECURITIES CORP.	22,000
311	JAIME R. QUIJANO	3,300
312	MAHALIA C. QUINONES	5,000
313	NERISSA C. QUINTANA	11,000
314	RICARDA B. QUIROS	22,000
315	R. COYIUTO SECURITIES, INC.	11,000
316	MELITA G. RAGAS	2,200
317	RCBC T/A# 33-398-0	300
318	REGINA CAPITAL DEVT., CORP. A/C#1845	20,000
319	JOHN PATRICK REGNER	2,200
320	BEVERLY G. REJANTE	1,100
321	RENATO C. ALARCON &/OR VIRGINIA M. ALARCON	5,500
322	RENATO C. GENDRANO &/OR GENDRANO BERNADETTE	55,000
323	REXLON INDUSTRIAL CORPORATION	17,000
324	DAISY S.A REYES	1,100
325	FIDELINA B. REYES	1,000
326	JUANA M. REYES	7,700
327	DOMINADOR A. REYNO	500
328	ILDEFONSO REYNOSO, II	8,800
329	SALVADOR T. RIGOR, JR	7,700
330	CARLOS BENEDICT K. RIVILLA, IV	110
331	ROBERTO ABELLO &/OR MA. ANTONIA ABELLO	5,500
332	BING ROJO	6,700
333	ROLANDO I. LOMBOY &/OR MILAGROS R.LOMBOY	10,000
334	NORA ROSS	200
335	LETICIA ROXAS	1,100
336	RUBEN BALBASTRO &/OR ROSARIO TORRES	5,500
337	RODOLFO V. SAEZ	1,000
338	ERNESTO R. SALAS, JR	22,000
339	DONNIE SALVADOR	600
340	MA. TERESA T. SAN AGUSTIN	3,300
341	FRANCISCO C. SAN DIEGO	50,000
342	AURORA V. SAN JOSE	143,000
343	EPIFANIA G. SANTOS	2,750
344	FLORENCIO SANTOS	2,000
345	ROLANDO S. SANTOS, JR	2,200
346	SAPPHIRE SECURITIES, INC.	4,000
347	SEAFRONT RESOURCES CORP.	33,000
348	SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO	297,000
349	SHAREHOLDERS` ASSOCIATION OF THE PHILIPPINES, INC.	1,000
350	PROSERFINA SIGUENZA	6,600
351	SILVER GREEN INVESTMENTS LTD.	230,000
352	SIMEON SAMSON &/OR CHARLIE RAVALO	5,000
353	GLENN ANTHONY O. SOCO	16,500
354	PABLO SON KENG PO	22,000
355	DELFIN R. SUPAPO, JR	27,500
356	LYDIA J. SY	55,000
357	MICHELLE T. SY	2,200

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 06/30/2021

Count	Name	Holdings
358	RONALD SY	600
359	LEOPOLDO SY-QUIA, JR	5,000
360	IBURI TADAFUMI	13,750
361	SEIICHIRO TAKAHASHI	11,000
362	TAN DAISY TIENG	46,500
363	TAN LIN LAY	30,000
364	CARLOS S. TAN	11,000
365	DOUGLAS TAN	1,100
366	EDWARD W. TAN	3,300
367	FATIMA L. TAN	1,100
368	LINDA TAN	5,500
369	MIRABEL TAN	1,100
370	RAYMOND G. TAN	1,100
371	ROSIE TAN	2,300
372	SUZETTE TAN	1,100
373	LOLITA TANSENGCO	1,100
374	STELLA TANSENGCO-SCHAPERO	1,200
375	MACARIO TE	1
376	REYNALDO NAVARRA TECECHIAN	1,000
377	TEE LING KIAT &/OR LEE LIN HO	200
378	FRUTO M. TEODORICO, JR	55,000
379	TERESITA GO &/OR SATURNINA GO	87,000
380	THE WELLEX GROUP, INC.	1,128,466,800
381	RUFINO B. TIANGCO	8,800
382	MERLINDO R. TINAPAY	2,200
383	ELVIRA A. TING	10,000,009
384	ROBERT C. TING	22,000
385	RUBY TING	2,200
386	RAMON A. TINIO	25,000
387	WILLIE TIO	159,500
388	IRMINIA A. TIPGOS	1,100
389	LEONCIO TIU	33,000
390	LUISIANA DELOS SANTOS TONDO	1,100
391	RAYMOND TONG	23,300
392	RUBEN D. TORRES	1,000
393	TRITON SECURITIES CORPORATION	20,000
394	TOMAS F. TUASON, IV	110
395	ELIZABETH TUBALE	1,100
396	TYBALT INVESTMENT LTD.	10,000
397	ALVIN TAN UNJO	88,000
398	UY TIAK ENG	50,000
399	PHILIP L. UY	11,000
400	ROBERTO S. UY	5,500
401	ROBERTO L. UY	50,000
402	ZITA O. UY-TIOCO	2,200
403	AGAPITO R. VALENCIA	6,600
404	JESUS SAN LUIS VALENCIA	1,000
405	FEDELIZA R. VARGAS	1,100
406	SALUD VELORIA	6,600
407	ANTONIO VERZOSA	2,200
408	BENEDICTO V. VIARDO	2,200

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 06/30/2021

Count	Name	Holdings
409	MA. SALOME VILLASIS	1,000
410	RIZA C. VILLEGAS	110
411	ROBERTO C. VILLEGAS	4,000
412	WANG YU HUEI	110,000
413	WATERFRONT NOMINEES SDN BHD A/C#6	107,800
414	WATERFRONT NOMINEES SDN BHD A/C#9	20,900
415	WEALTH SECURITIES, INC.	5,500
416	JOHN CRHISTOPHER D. WEIGEL	110,000
417	HELEN F. WILLIMANN	5,000
418	WILSON CHUA &/OR BECKY QUE CHUA	110,000
419	STEVE WOODWARD	39,600
420	LUZ YAMANE	38,500
421	JEFFERSON Y. YAO	11,000
422	YEOH CHEAW TAU	1,100
423	CHARISSA YLAYA	8,800
424	CATHERINE LAO YOUNG	19,800
425	GEORGE U. YOUNG, JR	82,500
426	YU PEK KIAN	11,000
427	YU SIOK HUI	22,000
428	CECILIA CO YU	4,000
429	JOHN BENEDICT O. YU	10,000
430	NEIL JOHN A. YU	50,000
431	JOCELYN L. ZARATE	4,000
432	EUFEMIA ZULUAGA	7,700
	Total Stockholders :	2,498,991,753

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - WPI000000000

Business Date: June 30, 2021

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	75,000
A & A SECURITIES, INC.	1,845,700
ABACUS SECURITIES CORPORATION	64,242,787
PHILSTOCKS FINANCIAL INC	60,862,785
A. T. DE CASTRO SECURITIES CORP.	54,000
ALL ASIA SECURITIES MANAGEMENT CORP.	202,500
ALPHA SECURITIES CORP.	2,885,000
BA SECURITIES, INC.	1,667,700
AP SECURITIES INCORPORATED	17,691,500
ANSALDO, GODINEZ & CO., INC.	2,807,700
AB CAPITAL SECURITIES, INC.	7,756,500
SB EQUITIES,INC.	5,572,100
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	832,800
ASIASEC EQUITIES, INC.	153,000
ASTRA SECURITIES CORPORATION	5,000
CHINA BANK SECURITIES CORPORATION	1,030,000
BELSON SECURITIES, INC.	4,005,100
B. H. CHUA SECURITIES CORPORATION	50,000
JAKA SECURITIES CORP.	8,655,500
BPI SECURITIES CORPORATION	34,629,214
CAMPOS, LANUZA & COMPANY, INC.	2,447,202
SINCERE SECURITIES CORPORATION	1,045,000
CTS GLOBAL EQUITY GROUP, INC.	779,138
TRITON SECURITIES CORP.	47,269,450
IGC SECURITIES INC.	2,799,000
CUALOPING SECURITIES CORPORATION	110,500
DBP-DAIWA CAPITAL MARKETS PHILPPINES, INC.	2,200
DAVID GO SECURITIES CORP.	1,767,000
DIVERSIFIED SECURITIES, INC.	4,543,800
E. CHUA CHIACO SECURITIES, INC.	9,957,100
EQUITABLE SECURIITES (PHILS.) INC.	27,200
EAST WEST CAPITAL CORPORATION	400,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	3,221,200
EQUITIWORLD SECURITIES, INC.	817,600
EVERGREEN STOCK BROKERAGE & SEC., INC.	8,731,100
FIRST ORIENT SECURITIES, INC.	2,082,100
FIRST INTEGRATED CAPITAL SECURITIES, INC.	100
F. YAP SECURITIES, INC.	924,000
AURORA SECURITIES, INC.	926,700
GLOBALINKS SECURITIES & STOCKS, INC.	464,400
JSG SECURITIES, INC.	962,650
GOLDSTAR SECURITIES, INC.	2,065,300
GUILD SECURITIES, INC.	332,000
HDI SECURITIES, INC.	14,714,500
H. E. BENNETT SECURITIES, INC.	2,280,000
HK SECURITIES, INC.	9,100
I. ACKERMAN & CO., INC.	30,000
I. B. GIMENEZ SECURITIES, INC.	527,297

BPNAME	HOLDINGS
INVESTORS SECURITIES, INC,	977,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	593,800
INTRA-INVEST SECURITIES, INC.	187,400
ASIAN CAPITAL EQUITIES, INC.	56,100
J.M. BARCELON & CO., INC.	921,500
STRATEGIC EQUITIES CORP.	893,400
LARRGO SECURITIES CO., INC.	122,000
LUCKY SECURITIES, INC.	263,500
LUYS SECURITIES COMPANY, INC.	1,154,500
MANDARIN SECURITIES CORPORATION	1,613,200
COL Financial Group, Inc.	168,602,506
DA MARKET SECURITIES, INC.	222,200
MERCANTILE SECURITIES CORP.	129,800
MERIDIAN SECURITIES, INC.	2,204,700
MDR SECURITIES, INC.	136,000
REGIS PARTNERS, INC.	66,300
MOUNT PEAK SECURITIES, INC.	120,000
NEW WORLD SECURITIES CO., INC.	1,929,000
OPTIMUM SECURITIES CORPORATION	3,614,650
RCBC SECURITIES, INC.	3,633,300
PAN ASIA SECURITIES CORP.	135,000
PAPA SECURITIES CORPORATION	1,312,500
MAYBANK ATR KIM ENG SECURITIES, INC.	7,164,400
PLATINUM SECURITIES, INC.	23,000
PNB SECURITIES, INC.	1,223,260
PREMIUM SECURITIES, INC.	7,423,600
PRYCE SECURITIES, INC.	12,124
SALISBURY BKT SECURITIES CORPORATION	15,300
QUALITY INVESTMENTS & SECURITIES CORPORATION	15,235,300
R & L INVESTMENTS, INC.	42,000
R. COYIUTO SECURITIES, INC.	6,821,100
REGINA CAPITAL DEVELOPMENT CORPORATION	7,536,976
R. NUBLA SECURITIES, INC.	2,622,500
AAA SOUTHEAST EQUITIES, INCORPORATED	3,403,100
R. S. LIM & CO., INC.	1,048,400
RTG & COMPANY, INC.	176,600
S.J. ROXAS & CO., INC.	1,003,500
SECURITIES SPECIALISTS, INC.	2,200
FIDELITY SECURITIES, INC.	308,500
SUMMIT SECURITIES, INC.	607,300
STANDARD SECURITIES CORPORATION	1,401,200
SUPREME STOCKBROKERS, INC	31,350
TANSENGCO & CO., INC.	797,200
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	352,200
TOWER SECURITIES, INC.	13,956,600
TRANS-ASIA SECURITIES, INC.	1,925,500
APEX PHILIPPINES EQUITIES CORPORATION	5,000
TRENDLINE SECURITIES CORPORATION	11,200
UCPB SECURITIES, INC.	2,413,700
UOB KAY HIAN SECURITIES (PHILS.), INC.	1,400,000
E.SECURITIES, INC.	3,300
VENTURE SECURITIES, INC.	246,900
FIRST METRO SECURITIES BROKERAGE CORP.	28,353,590
WEALTH SECURITIES, INC.	7,918,590
WESTLINK GLOBAL EQUITIES, INC.	480,220,540

BPNAME	HOLDINGS
BERNAD SECURITIES, INC.	372,100
WONG SECURITIES CORPORATION	44,000
YAO & ZIALCITA, INC.	1,287,200
YU & COMPANY, INC.	1,109,000
BDO SECURITIES CORPORATION	26,668,939
EAGLE EQUITIES, INC.	741,800
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	1,052,576
SOLAR SECURITIES, INC.	6,443,600
G.D. TAN & COMPANY, INC.	17,681,300
PHILIPPINE EQUITY PARTNERS, INC.	2,431,950
UNICAPITAL SECURITIES INC.	1,466,900
SunSecurities, Inc.	400,000
COHERCO SECURITIES, INC.	3,400,000
ARMSTRONG SECURITIES, INC.	5,300
TIMSON SECURITIES, INC.	9,651,000
VC SECURITIES CORPORATION	600
CITIBANK N.A.	140,000
STANDARD CHARTERED BANK	875,000
Total	**1,180,625,174**

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

COVER SHEET

A S 0 9 4 - 8 6 7 8

SEC Registration Number

W A T E R F R O N T P H I L I P P I N E S , I N C .

(Company's Full Name)

N O . 1 W A T E R F R O N T D R I V E

O F F S A L I N A S D R I V E L A H U G

C E B U C I T Y

(Business Address : No. Street City / Town / Province)

MS. IRISH CHARA LAWAS	855-90129
Contact Person	Company Telephone Number

1 2	3 1	SEC 17-A	1 1	1 6
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

435		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSIONSEC FORM

17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended
DECEMBER 31, 2020

2. SEC Identification Number
AS 094-8678

3. BIR Tax Identification No.
D80-003-978-254 NV

4. Exact name of issuer as specified in its charter
WATERFRONT PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization
PHILIPPINES

6. Industry Classification Code (SEC Use Only)

7. Address of principal office
No. 1 WATERFRONT DRIVE OFF SALINAS DRIVE LAHUG, CEBU CITY 6000

8. Issuer's telephone number, including area code
(02) 559-0130

9. Former name or former address, and former fiscal year, if changed since last report
NOT APPLICABLE

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares - P1.00 par value	2,498,991,753

11. Are any or all of registrant's securities listed on a Stock Exchange?
/ Yes
No
If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

/ Yes
No

(b) has been subject to such filing requirements for the past ninety (90) days

Yes
/ No

13. Aggregate market value of the voting stock held by non-affiliates of the registrant.

Unaffiliated shares	:	1,330,173,323
Last Trading Price	:	0.54 as of June 3, 2021
Aggregate Market Value	:	718,293,594

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

/Yes

No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

(b) Any information statement filed pursuant to SRC Rule 20

(c) Any prospectus filed pursuant to SRC Rule 8.1

WATERFRONT PHILIPPINES, INCORPORATED

PSE Disclosure Form 17-1 - Annual Report *References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the Calendar year ended	**DECEMBER 31, 2020**	
Currency (indicate units, if applicable)		PESO

Balance Sheet

	Year Ending	Previous Year Ending
	DECEMBER 31, 2020	**DECEMBER 31, 2019**
Current Assets	**4,423,715,641**	4,124,738,706
Total Assets	**15,243,298,917**	13,105,062,991
Current Liabilities	**2,674,648,755**	2,882,792,090
Total Liabilities	**5,840,935,650**	5,711,727,912
Retained Earnings/ (Deficit)	**1,113,890,733**	552,159,535
Stockholders' Equity	**9,402,363,267**	7,393,335,079
Stockholders' Equity - Parent	**8,319,536,202**	6,627,464,761
Book Value per Share	**3.76**	2.96

Income Statement

	Year Ending	Previous Year Ending
	DECEMBER 31, 2020	**DECEMBER 31, 2019**
Operating Revenue	**1,033,165,293**	1,961,094,196
Other Revenue	**21,467,007**	35,974,882
Gross Revenue	**1,054,632,300**	1,997,069,078
Operating Expense	**717,654,748**	1,379,935,134
Other Expense	**470,085,862**	12,185,032
Gross Expense	**1,187,740,610**	1,392,120,166
Net Income/(Loss) Before Tax	**807,063,414**	629,318,976
Income Tax Expense	**123,597,065**	158,330,614
Net Income/(Loss) After Tax	**683,466,349**	470,988,362
Net Income Attributable to Parent Equity Holder	**394,555,853**	439,574,045
Earnings/(Loss) Per Share (Basic)	**0.158**	0.176
Earnings/(Loss) Per Share (Diluted)	**0.158**	0.176
EFPS Trailing 12 months	**0.049**	0.218

Other Relevant Information

Financial Ratios

	Formula	December 31, 2020	December 31, 2019
Liquidity Analysis Ratios:			
Current Ratio	**Current Assets / Current Liabilities**	1.654	1.431
Quick Ratio	**(Current Assets - Inventory - Prepayments)/ Current Liabilities**	0.731	0.559
Solvency Ratio	**Total Assets / Total Liabilities**	2.610	2.294
Financial Leverage Ratios:			
Debt Ratio	**Total Debt / Total Assets**	0.383	0.436
Debt-to-Equity Ratio	**Total Debt / Total Stockholders' Equity**	0.621	0.773
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	5.765	4.132
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.621	1.773
Profitability Ratios:			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service/ Sales**	0.320	0.309
Net Profit Margin	**Net Profit / Sales**	0.765	0.315
Return on Assets	**Net Income before Tax/ Total Assets**	0.053	0.048
Return on Equity	**Net Income before Tax / Total Stockholders' Equity**	0.086	0.085
Price / Earnings Ratio	**Price Per Share / Earnings Per Common Share**	3.671	3.977

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Waterfront Philippines, Incorporated *(WPI)* was registered with the Securities and Exchange Commission *(SEC)* on September 23, 1994, as an investment holding company for hotel, leisure, and tourism businesses.

To realize the Group's vision of making *WPI* the flagship of the Group's hotel and gaming interests, *TWGI* vended into *WPI*'s acquired properties --- Waterfront Cebu City Casino Hotel, Inc. (WCCCHI) in Cebu City, Waterfront Mactan Casino Hotel, Inc. (WMCHI) in Mactan, Cebu and Davao Insular Hotel Company, Inc. *(DIHCI)* in Davao City. These properties are significant investments for *WPI*. During 2003, the company started acquiring common shares of *ACESITE (Phils.) Hotel Corporation*. A major coup for WPI for the year 2004 was securing of controlling interest in the management over ACESITE (PHILS.) HOTEL CORP. Consequently, Acesite, operating under the trade name Manila Pavilion Hotel, is now part of the Waterfront group of hotels. *WPI* is now known as the largest Filipino hotel chain in the country.

The hotels fit WPI's continuous geographic diversification strategy and they are appropriate candidates for broad product renovation and operational repositioning. The hotels are well positioned in their respective markets, considering the presence of international airports in their locality. Studies indicate that international airports are major generators of lodging demand.

WPI is known as one of the largest hotel chains in the country. We provide much-needed support to the tourism industry's vision for growth. Our hotel experience is highly integrated, offering the best of business and leisure.

The Company has strengthened its brand visibility and continues to expand in innovative ways, using technology and new media to our advantage.

Marketing

Waterfront gives a wide range of business-related conveniences to ensure that our guests enjoy a productive stay. Our special attention to details, well-equipped business centers, accessibility, unrivaled facilities and presence in major cities of the Philippines make us best positioned to cater to the business traveler's needs. As in the previous years, our approach has always been in rejuvenating our hotels and its amenities, promoting the quality of our guest services and programs and empowering our peers. We have much to offer the broad market with the right marketing mix: competitive room rates, premium, value-added guest programs, well-equipped function facilities and professional guest services. Although, extreme competition has always been present with the Waterfront Group and other destinations and hotels, the Company has unfazingly regarded this as a welcome challenge and motivation on increasing its market share with a corresponding increase in average room rates and in actual room occupancies. As part of its marketing strategy, the company exercises flexible rates for contingencies, tie-ups with airlines, special occasion packages and other promos. Also, the massive efforts of our sales and marketing division in creating and implementing dynamic programs designed to search for customers and developing and maintaining their loyalties, have certainly added to the hotels' marketability. Coupled with the efforts of our public relations division in ensuring that the reputation of our hotels are kept free from negative publicity and its awareness of social responsibility, has certainly given marketing strategy a deeper meaning. The Company aims for building a strong relationship with our guests.

Again, considering the successful operations of our Cebu-based hotels, it can be said that Waterfront has already made an impressive dent in the market. Although we continue to discover and learn many new things, we are taking advantage of investment opportunities, which will allow us to be a significant player in the casino and hotel arena nationwide. The Company has strengthened its brand visibility with an integrated marketing communications campaign that would invite continued patronage of its products and services. To complement its marketing and sales efforts, a unified visual advertising tool for all properties was implemented.

Our Central Reservations System has made us the only integrated network of hotels in the country with a powerful presence through our 24/7 booking services. Anyone can book using a single 1-800 number 1-800-WFRONT8 (9376688) for all Waterfront Hotels nationwide.

We have made significant strides in the improvement of our "software": our technology systems, service and people. Software is the lifeblood of our business--it provides a genuine connection with our customers through various touch points conveys the Waterfront brand in a personal manner and introduces new sales-generating streams in step with today's growing online patronage.

We have further strengthened our online presence with the launch of our free mobile app for iOS and Android--the very first Filipino hotel chain to do so. We improved our e-newsletter with a software system upgrade. Our website sports a sleek, newly-revamped look with more features to allow easy booking and browsing of our properties. All three work synergistically to complete our user experience and add new avenues for accessing our brand. Our social media channels are also being managed full-time by a dedicated team, ensuring the seamless transfer of news and promotions updates in the most popular social media platforms for our clientele. Each presents a unique opportunity to touch base with our users in a platform of their preference, offering exciting deals and perks that pique their interest.

By the year 2016, we established and publicized the Waterfront Hotels and Casinos brand through an effective and strategic advertising effort in various publications such as glossy, local in-flight magazines. Through this, we can create strong presence and awareness of the new branding –
"We're at the Center of it All" and maintain visibility of the corporate brand in various publications.

We also made a strong presence abroad – Bangkok, Korea, Japan and Singapore - organized by Tourism Promotions Board and Department of Tourism. Joined with established Asia Pacific's premier M.I.C.E. show which brings together the region's top M.I.C.E. suppliers and key industry players to collectively sell Asia as an exciting and diverse M.I.C.E. destination. Exhibitors and participants have the opportunity to sell, negotiate and secure deals with more than 500 selected buyers and travel managers from regional and international M.I.C.E and corporate travel industries through pre-scheduled appointments.

By firmly and strategically addressing key areas in our business, we have transformed into a company that is formidable and efficient across all areas of our operations--the hallmark of an institution that remains tried and true and is confidently moving towards a new horizon.

Information Technology

As in all areas of commerce, information technology represents one of the strongest forces for change. They are known to have significant impact in marketing of hotels. It provides an essential tool for hotel organization to keep a hand on the pulse of the customers' wants and needs. The challenge of any corporation is to conduct their operations efficiently and effectively at the least possible cost. Perhaps, one of the major advancement that happened at Waterfront is its tie-up with **Micros Fidelio** - the world leader in providing computer-related technology for hotel and restaurant chains around the world. They upgraded the system of the Company through their newest operating platform called **Opera**. This software will efficiently manage sales and accounting, reservations, point-of-sales and engineering- a first in the Philippines. This integrated system will aggressively keep track of inventory and manage revenues. The *"Fidelio"* system permits online monitoring of clients in the hotels. To date, here is a summary of the major systems used by Waterfront Hotels:

	WCCCHI	WAH	WIHD	MPH	WEC	WFC	GYM
Agilysis Point-Of-Sale System (POS)	X	X	X				
Micros-Fidelio Engineering Management System	X	X	X				
Micros-Fidelio Opera Sales and Catering System	X	X	X				
Opera Property Management System (PMS)	X	X	X				
SUN SYSTEM	X	X	X	X			
Human Resource Information System	X	X	X	X			
Mitech Payroll System					X	X	X
Actatek Biometric Finger scan System	X	X	X	X	X	X	X
Lotus Email System	X	X	X	X	X	X	X
Micros Materials Control	X	X	X	X		X	
Online Automation System	X	X	X	X	X		
Call Center System					X		
Waterfront Recipe Guide System	X	X	X	X			

Employees' Training

Service is the hotels' most important product and first class service is not instantaneous – it does not happen overnight. It is a team effort, requiring constant attention, training and supervision. In an ongoing endeavor to carry on with this ideal, the Company continues to increase in-house and external training of its personnel to endow the employees with the competence essential to cope with the increasing standards and demands of the market.

For the past years, the Company's employees have undergone training in various skill-building seminars and workshops for F&B, Housekeeping, and Front Office and even in Administrative functions.

The company takes pride in its training and development programs. In fact, Waterfront sets a high standard of achieving 70 training hours per person every year. In order to ensure that such passion for never ending quest for improvement and excellence remains fueled, Waterfront makes People Development an integral Key Performance Index, among others which is Quest Satisfaction Index and Financial Index.

Waterfront is run by its highly competent Peers – the people who make a difference in every aspect of its organization. The company ensures that the quality of the Waterfront experience is maintained through excellent service, and undergoes constant training to ensure service quality and efficiency in all aspects of operations.

Waterfront's various seminars, trainings, and workshops are classified into five major categories: Inductive Program, Basic Skills Program, Upgraded and Advanced Skills, Supervisory and Management Programs, and other Wellness-related Programs.

Upon joining the Waterfront family, newly-hired peers undergo a comprehensive Inductive Program to orient them to the Hotel Culture. Frontliners undergo basic Skills Certification Program for their respective areas of assignment to ensure that hotel service standards are maintained. Supervisors and managers are enrolled in our Supervisory and Managerial Development Programs which equip them with both basic and advanced skills to help them effectively perform their roles as leaders of the organization.

Programs offered do not only stop at improving the brain function but should also include managing emotions and attitude. The wellness-related programs are programs that are also designed and made a part of the entire Peers training and development with the aim of maintaining a healthy lifestyle, physically, mentally and spiritually.

Waterfront also puts itself at par with the global hospitality industry by partnering with International learning Institutions such as Development Dimensions International (DDI), Ivy League member Cornell University, and the Educational Institute of the America Hotel Lodging Association (AHLA).

The Company also conducted The Skills and Operations Audit that seeks to examine the effectiveness and validity of the SOPs. With this the Company is able to ensure property compliance with established standards. The American Council on Exercise (ACE) trainer's certification which is the only trainer's certification rooted in 30 years of science-based research from ACE, the world's largest nonprofit health and fitness organization. An ACE certification prepares trainers with the knowledge and skills to serve diverse clients.

We also have sponsored trainings from DOT like "The Tourism and Hospitality Skills Training Program by Workskills Australia. It is a 5-day training program which covers (1) Customer Service, (2) 5 Star Executive Housekeeping Services and (3) Professional Customer Care Specialist for Front Office Services. This program runs as an interactive workshop for all tourism and hospitality professionals so they develop the industry culture and be at the top in customer service. Workskills Australia, an international training provider, will issue a certificate of competence aligned to ASEAN framework upon completion of the training program. This is one of 6 programs approved under the Tourism Industry Skills Training Support Scheme from the Department of Tourism, Asian Development Bank and the Government of Canada.

Level Up Leadership Seminar - this two-day seminar-workshop is a comprehensive course on leadership training designed to equip current as well as high potential leaders with effective and proven principles, behaviors and applications with the objective to develop the business organization's most important asset – their valued people. This is based on the philosophy that as leaders develops themselves they lead their people better and produce a winning team to help in growing the business.

Employees

As the reputation of the hotels rise and the volume of clientele grow, so will their expectations and demands. The fundamental key to clients' satisfaction will always be the delivery of the best service from the employees. It is a team effort, requiring constant attention, training and supervision. The Company continues to increase in-house and external training of its employees. A salary structure has been implemented to ensure more competitive compensation packages, which are at par with the industry's standards and the department of Labor and Employment's mandated requirements.

The Company believes that after all, happy employees translate into happy customers, and happy customers would be tantamount to greater satisfaction, sales and income for the Company.

As of the end of the calendar year 2020, *WPI* Group has a total of 466 employees that were distributed as follows:

WCCCHI:

	Filipinos	*Foreigners*	*Total*
Executive	25	3	28
Non-Executive	198	0	198
Total	**223**	**3**	**226**

WMCHI:

	Filipinos	*Foreigners*	*Total*
Executive	1	0	1
Non-Executive	77	0	77
Total	**78**	**0**	**78**

WIHD:

	Filipinos	*Foreigners*	*Total*
Executive	10	0	10
Non-Executive	59	0	59
Total	**69**	**0**	**69**

WMHC

	Filipinos	*Foreigners*	*Total*
Executive	0	0	0
Non-Executive	29	2	31
Total	**29**	**2**	**31**

WPI

	Filipinos	*Foreigners*	*Total*
Executive	0	0	0
Non-Executive	24	0	24
Total	**24**	**0**	**24**

ALEC

	Filipinos	*Foreigners*	*Total*
Executive	0	0	0
Non-Executive	2	0	2
Total	**2**	**0**	**2**

WWGI:

	Filipinos	*Foreigners*	*Total*
Executive	1	0	1
Non-Executive	15	0	15
Total	**16**	**0**	**16**

WFC:

	Filipinos	*Foreigners*	*Total*
Executive	1	0	1
Non-Executive	4	0	4
Total	**5**	**0**	**5**

WEC:

	Filipinos	*Foreigners*	*Total*
Executive	2	0	2
Non-Executive	13	0	13
Total	**15**	**0**	**15**

Grand Total	**461**	**5**	**466**

There is an existing union in Davao Insular Hotel. On April 1, 2011, Waterfront Insular Hotel Davao Employees Association (WIHDEA) and renewal on the agreement shall be in full force and effect from April 1, 2016 to March 31, 2021. All other provisions of the CBA are not modified by the foregoing agreement and shall remain between the parties.

The Manila Pavilion Hotel has not experienced any strikes since 2006. The Collective Bargaining Agreement (CBA) for the line employees was concluded on December 12, 2017, covering a period of five (5) years, July 01, 2017 to June 30, 2022. However, the CBA underwent dissolution after a fire broke out in March of 2018.

The CBA for supervisors signed on November 17, 2016 covers a period of five (5) years, April 01, 2016 to March 31, 2021. MAPSA (Manila Pavilion Supervisors' Association) is the one who represented the supervisor during the bargaining. The economic provision of the Agreement shall be subject to renegotiation after the 3rd year of its affectivity or 60 days prior to March 31, 2019. Similar to the CBA for the line employees, the CBA for the supervisors underwent dissolution as well after the fire incident.

Business of WPI and Its Subsidiaries

- ***WPI***

Being an investment holding company in hotel and gaming businesses, *WPI* has a strategic advantage in the marketplace. It can move and position itself to grab opportunities in hospitality industry, which is known to be highly competitive. The world-class facilities that it brings to the Province of Cebu are designed to provide a diverse and complete entertainment system that will attract local, regional, and international visitors.

Despite the growing number of competitors in the respective regions, including the entry of international hotel chains, both *WCCCHI* and *WMCHI* enjoyed favorable occupancy rate, successfully inviting both corporate and individual travel accounts.

Subsidiaries

The Company has the following subsidiaries, which are briefly described in the next pages:
1. Waterfront Cebu City Casino Hotel, Inc. (WCCCHI)
2. Waterfront Mactan Casino Hotel, Inc. (WMCHI)
3. Waterfront Insular Hotel Davao, Inc.
4. ACESITE (Phils.) Hotel Corporation
5. Waterfront Hotel Management Corporation
6. Mayo Bonanza, Inc.
7. Waterfront Entertainment Corporation
8. Waterfront Food Concepts, Inc.
9. Waterfront Wellness Group, Inc.
10. Grand Ilocandia Resort Development Incorporated
11. Waterfront Promotions Limited
12. Waterfront Puerto Princesa Hotel Inc.
13. Waterfront Iloilo Hotel Inc.
14. Waterfront Cebu Ventures Inc.

- ***Waterfront Cebu City Casino Hotel, Inc.***

WCCCHI was incorporated on September 23, 1994 to manage and undertake operations of Waterfront Cebu City Hotel and Casino *(WCCHC)*. *WCCCHI* achieved a milestone during the year by opening the doors of *WCCHC* on January 5, 1998, with 158 guest-rooms which has already grown to 561 by the last quarter of 1999, six-storey convention center known as the *Waterfront Convention*

Center, previously known as Cebu International Convention Center and six-storey` **Entertainment Block**. Located in this Entertainment Block is a 1,000-square meter 5-star restaurant, which completes the Company's restaurants row. On February 5, 1998, *PAGCOR* commenced operations at the new purposely-built casino at the Entertainment Block.

-Waterfront Convention Center-(WCC)

Waterfront Convention Center previously known as Cebu International Convention Center is a six-storey building, especially-designed to adapt to any event size and purpose, with a total gross area of 40,587 square meters, and has been in operation since January 5, 1998. Major amenities of the center include ten (11) function rooms and two (2) Grand Ballrooms with a seating capacity of 4,000. *WCC* is the only convention and exhibition center of international standard in Cebu City.

- *Entertainment Block*

The Entertainment block is a six-storey building with a total gross area of 34,938 square meters. It is comprised of eleven (9) Food and Beverage entertainment outlets, an 11,000 square meters of public and international gaming area that includes the *"Casino Filipino"*, and 62 hotel rooms and suites

- *Hotel Tower Block*

The Hotel Tower block is a 22-storey building with a total gross area of 44,334 square meters. It consists of a podium, containing the lobby, a food and beverage outlet, a reception, a shopping arcade, three (3) press function rooms, and a high rise block of 498 hotel rooms and suites.

The Hotel, with its fairytale-inspired façade, is conveniently located in the center of Cebu City and is within easy reach from key business, commercial and shopping districts and is just 30 minutes away from the Mactan International Airport.

Waterfront Cebu City Hotel & Casino has elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusive for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2nd floor lounge is outfitted with 3 computer stations, where guests can avail of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games. The hotel offers a 10,000-square meter convention center, which is the largest convention center in the Visayas and Mindanao, and is designed to adapt to multiple types of events. The convention center is equipped with 10 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, each seating 4,000 people. It has played host to a myriad of national as well as regional events, conventions and conferences.

Waterfront Cebu City Hotel and Casino operates 9 F&B outlets, including a hotel coffee shop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms. The newly renovated lobby was inspired based on two main objectives; first, to transform the existing single dimension grand lobby into a multi-dimensional lifestyle-concept space that will enhance the guests' experience when dining and lounging in the lobby; and second, to improve traffic patterns, through the construction of larger check-in areas and through maximizing the Lobby's three entrances. Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has always been its principal attraction in fact it is touted as the largest hotel lobby in Visayas-Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance. Apart from improvements to the general structure of the lobby, the Lobby Lounge itself will offer an all-new dining and lounging experience, with newly-installed glass panels, semi-closing each side of the lounge. Fully-equipped bar areas have also been installed in the middle of each of the lounge's two sections, ensuring diners of more efficient and prompt service. To enhance the overall guest experience, the hotel has put together additional features such as nightly entertainment from the city's top performers, and soulful afternoon music by soloists. Among the hotel's newest pride comes in the form of delectable treats, introducing Lobby Lounge's new service concepts.

Afternoon.Tea
Guests can now relive the splendor and grace of the old English days with the Lobby Lounge's Afternoon Tea offering. It is a tea and dessert concept created to give guests a whole new tea experience by giving emphasis on unique ways to enjoy a cup of tea. Guests can expect an array of snack choices to complement their tea selection. The Afternoon Tea comes with a choice of Traditional Afternoon Tea with a Local Twist or Chocolate Temptations. For each selection, guests may opt for tea, coffee or hot chocolate. Each selection also comes with a variety of snack options to go along with their choice of beverage.

Wine Dispenser
Guests can now take a sip of Lobby Lounge's extensive selection of wine. The wine dispenser is an innovative addition to the wining and dining experience at the hotel. It serves the purpose of allowing guests to select among an array of bottles, through tasting by the glass. This concept intends to give guests an opportunity to sample different wines in small amounts before deciding to order a full glass or bottle. Guests may test wines from the dispenser in three different amounts. This way, guests can choose the perfect wine fit for their palate. To enjoy the wine dispenser service, guests must avail of the Wine Card which comes in prepaid or postpaid.

To complement the Hotel's main lobby, a group check-in counter is constructed, dedicated solely to corporate and travel groups; a larger Duty Free shopping is also provided; and an additional Casino Filipino gaming space of 2,350 square meters is launched together with it. This will not only enhance the current lobby, but will also increase operational efficiency and add more exciting features for the hotel's customers.

- ***Waterfront Mactan Casino Hotel, Inc.***

Waterfront Mactan was incorporated on September 23, 1994 to manage and undertake operations of Waterfront Mactan Island Hotel and Casino *(WMIHC).* WMCHI has completed Phase I of Waterfront Mactan Island Hotel and Casino (WMIHC). It is located right across Mactan-Cebu International Airport, on a land area of approximately 3.2 hectares. The hotel features 164 rooms and suites, 6 food-and-beverage and entertainment outlets, with a total built-up area of 38,000 square meters. Equipped with one of the largest casinos in the Philippines, WMIHC has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights. For future development is Phase II consisting of 200-guest rooms, which will be built depending on the demands of the market. It has recently improved its rooms by installing fax machines and Internet connections to cater to the needs of its guests. Additionally, the company has acquired the newest hospitality software in the industry, the **OPERA** Property Management System, which is designed to help run the hotel operations at a greater level of productivity and profitability. This was installed last January 14, 2003.

The hotel is conveniently located in front of the Mactan International and Domestic Airport, just a three-minute drive to the Industrial Zone, a fifteen-minute drive to the beaches of Mactan Island and just thirty minutes away from Cebu City's shopping and financial district.

Year 2016, the property extended the Annex parking to provide more slots for the guests.

- ***Davao Insular Hotel Company, Inc. or Waterfront Insular Hotel Davao, Inc***

Davao Insular Hotel Company Inc. was incorporated in the Philippines on July 3, 1959 to engage in the operation of hotel and related hotel businesses. The hotel is a 98% owned subsidiary of

Waterfront Philippines, Incorporated and is operating under its trade name Waterfront Insular Hotel Davao. Waterfront Insular Hotel, the prestigious business hotel in a sprawling garden resort setting, is only five to ten minutes to the downtown area. Nestled along the picturesque Davao Gulf, its open air corridors provide a refreshing view of the hotel's beautifully landscaped tropical garden and the sea.

With a greater area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibit groups. The hotel consists of four low-rise buildings of 159 guestrooms and suites, 5 function rooms and 6 F&B outlets .Every room opens to a lanai overlooking a lush garden the blue waters of the Davao Gulf or a scenic coconut grove. Features included in the newly re-opened hotel are the 5 Gazebos located along the beach area. The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City.

On 2015, the property re-opens its gym with 48 square meters to continuously serve its guests and to ensure guests satisfaction.

Discover the rich cultural heritage of Davao which stems from the different groups and tribes that populated the area throughout its history and be astonished of artworks in the hotel lobby where it showcases pieces of artifacts featuring the various object d'art from the different tribes and historical.

- ***ACESITE (PHILS.) Hotel Corporation***

The principal property of the Company is a 22-storey building known as the Manila Pavilion Hotel located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila. The Hotel has 337 guestrooms and suites that have individually controlled central air conditioning, private bathroom with bathtub and shower, multi-channel radio, color TV with cable channels and telecommunications facilities. It has 3 function rooms and one of this is Alcuaz which can accommodate 250-300 guests. The hotel has approximately 2,200 sq. meters of meeting/banquet/conference facilities, and also houses several restaurants, such as Seasons Café (coffee shop), the El Rey (bar & lounge) and the Patisserie (bakeshop and deli items). Other guest services and facilities include a chapel, swimming pool, gym, business center and a valet-service basement car park. Concessionaires and tenants include beauty salon, foot spa, photography services, transportation services, travel agency, flower shop and boutiques. In addition, Casino Filipino – Pavilion, owned and operated by PAGCOR, occupies part of the first, second, third, fourth and fifth floors (a total of 12,696.17 sq. m.) of the building.

The Company acquired 100% interest of CIMAR, a former subsidiary of Acesite Limited (BVI) or ALB, in October 2011. In July 2011, The Company and CIMAR executed a Memorandum of Agreement (MOA), which effectively settle all pending cases and controversies between the two parties. In fulfillment of all the terms and conditions of the MOA, CIMAR's stockholders including all their nominees, agreed to sign, sell, transfer and convey all existing shares of stocks of CIMAR to the Company.

Year 2015, Alcuaz function that can accommodate 250-300 guests was renovated and 111 rooms under superior room category were opened.

On March 18, 2018, a fire broke out in APHC's hotel property that damaged the podium and main hotel that resulted to the suspension of its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire has been declared and classified as "accidental in nature". APHC incurred casualty losses due to damages on its inventories and hotel property (see Notes 6 and 9). APHC has filed for property damage and business insurance claims from its insurance companies and the insurance claims were finalized in 2020 amounting to P1.72 billion. As at December 31, 2020, total amount received from the insurance company amounted to P1.58 billion. As at December 31, 2020 and 2019, APHC recognized gains on insurance claims amounting to P854.52 million and P234.09 million, respectively, of which P850.22 million and P431.25 million were received in 2020 and 2019, respectively. The remainder amounting to P136.21 million relates to the portion of the claims that is still receivable from the insurance company. In 2018, APHC has started the reconstruction and restoration of the podium and main hotel which are still ongoing as at December 31, 2020.

- ***Waterfront Hotel Management Corporation (previously Waterfront Management Corp.)***

G-Hotel by Waterfront located in 2090 Roxas Boulevard, Malate Manila was managed by Waterfront Management Corporation starting November 2006. It is a seven-story building with 10 deluxe suites, 20 deluxe king and 20 deluxe twin rooms which offers a personalized butler service. A boutique hotel boasting with its trendy Café Noir, pool bar Mirage and an elegant ballroom, Promenade, added to the list of must-go places in the busy district of Manila. The black and white concept of its lobby is distinctly G-Hotel.

On October 01, 2014, the BOD approved the cessation of the Company's business operations. Consequently, the Company's activities were confined mainly to the collection of receivables, settlement of liabilities, and other administrative matters, while maintaining its status as non-operating entity seeking for other business opportunities.

- ***Mayo Bonanza, Inc.***

Mayo Bonanza, Incorporated (MBI), a 100% owned subsidiary of *WPI* was incorporated on November 24, 1995 in the Philippines with principal activities in the operation and management of amusement, entertainment, and recreation businesses. MBI is to extend the gaming business of the Company. Its primary purpose is to establish, operate, and manage the business of amusement entertainment, and recreation facilities for the use of the paying public. The Company entered into an agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) whereby the latter shall operate the former's slot machine outside of casinos in line with PAGCOR's slot machine arcade project.

On May 30, 2016, BOD approved the cessation of the Company's business operations effective July 01, 2016.

- ***Waterfront Entertainment Corporation***

WPI has successfully established the country's first ever integrated hotel reservations and booking system featuring a full-service, round-the-clock, 7 days a week Central Reservation Office. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialize hotel consultancy services to hotel owners, operators, brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective.

- ***Waterfront Food Concepts, Inc.***

Waterfront Food Concepts, Inc. is a pastry business, catering to pastry requirements of Waterfront Cebu, Waterfront Mactan and other established coffee shops and food service channels outside the hotels. The property is located in the lobby level of Waterfront Cebu City Casino Hotel. It has started its operation on May of 2006. Its pastry products include cakes, cookies and sandwiches. The subsidiary has already catered most of the renowned coffee shops in the city of Cebu.

- ***Waterfront Wellness Group, Inc.***

This new subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. Formerly, W Citigyms and Wellness, Inc. is a fully equipped gym with specialized trainers and state of the art equipments. The gym offers variety of services from aerobic instructions to belly dancing, boxing, yoga classes and a lot more. It also has its own nutritionist/dietician. Its highly trained therapists perform massage and spa services to guests within the hotel. The management has plan of opening Citigyms in all its hotels.

- ***Grand Ilocandia Resort and Development, Inc.***

As of March 31, 2000, the Company carried its investments in GIRDI at cost since it intended to dispose such investment in the near future. In November 2000, GIRDI sold all of its property and equipment, inclusive of the hotel facilities and related operating assets and the investment in marketable securities.

- ***Waterfront Promotions Limited/Club Waterfront International Limited***

Waterfront Promotion Ltd. was incorporated on March 6, 1995, under and by virtue of the laws of Cayman Islands to act as the marketing arm for the international marketing and promotion of hotels and casinos under the trade name of Club Waterfront International Limited *(CWIL)***.** It is a wholly owned subsidiary of Waterfront Philippines, Inc., a domestic company. Under the agreement with PAGCOR, WPL has been granted the privilege to bring in foreign players under the program in Waterfront Cebu City Hotel and Grand Ilocandia Resort Development Corp. On the other hand, CWIL is allowed to bring in foreign players in Waterfront Mactan Hotel. In connection to this, the company markets and organizes groups of foreign players as participants to the Philippine Amusement and Gaming Corporation's (PAGCOR) Foreign High Roller Marketing Program. The company also entered into agreements with various junket operators to market the casinos for foreign customers. Under these agreements, the company grants incentive programs to junket operators such as free hotel expenses, free airfares and rolling commissions.

The operations for Waterfront Promotions Limited, and likewise for Club Waterfront International Limited, had ceased for the year 2003 in March due to the bleak market.

- ***Waterfront Iloilo Hotel Inc.***

Waterfront Iloilo Hotel Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on March 29, 2019 primarily to operate and manage a resort hotel and a restaurant that caters to the guests of the hotel.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by the The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations.

The Company's registered office address is at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa, Barangay 666, Ermita, City of Manila, NCR, Philippines, 1000.

- ***Waterfront Puerto Princesa Hotel, Inc.***

Waterfront Puerto Princesa Hotel, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on May 15, 2017 primarily to acquire and hold real property such as lands, buildings and personal property of all kinds, to sell, lease, convey, mortgage, construct, improve and develop, contract for, manage, administer and or operate, alone or jointly with others any interest in real or personal property as well as in hotels, inns, lodging houses, resorts and all adjunct and accessories thereto, including restaurants, cafes, bars, stores and offices, barbershops and beauty lounges, sports facilities, places of amusement and entertainment of all kinds; to invest in other corporations for the advancement of its interest or to grant concessions, rights or licenses to others to operate, manage or deal with the same, to do any and all things necessary, suitable, convenient, proper or incidental to the accomplishment of the above purposes.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by the The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations.

The Company's registered office is at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa St., Ermita, Brgy. 666, Manila City 1000.

- ***Waterfront Cebu Ventures, Inc.***

Waterfront Cebu Ventures, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on August 24, 2018 primarily to carry on the business of an investment holding company.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations.

The Company's registered office address is located at No. 1 Waterfront Drive, Off Salinas Drive, Barangay Lahug, Cebu City.

Business Development

In 1995, Waterfront Philippines, Inc. (WPI) set out to complete two major objectives in the province of Cebu- to focus on hotel and resort development and to promote tourism in the Philippines. Four years later, this vision became a reality with the full operation of the Waterfront Mactan Island Hotel and Casino, Inc, and Waterfront Cebu City Hotel. At present, WPI would like to establish itself as the premiere tourism organization with leisure and entertainment activities, not only in Cebu, but also in the various provinces nationwide.

Year 2015

The race is not always to the quick. Leaders of the company make it to the top by dint of hardwork, resourcefulness and a healthy streak of creativity. To go beyond outside traditional markets and develop new revenue streams. And further enhance measures to decrease our operating cost without sacrificing the need and satisfaction of our guest.

The company also works hard to tap into alternative opportunities available, such as reaching out to the local market, which has been provided us with a remarkable revenue stream that should be further nurtured and explored.

This year also marks the second time the Philippines is playing host to the Asia-Pacific Economic Cooperation (APEC), having hosted the vent previously in 1996. The meeting aims to solicit proposals and share best practices in boosting connectivity and mobility within and across member-economies, particularly through more active capital markets. Organizers plan also to use something else that will make the Philippines stand out: its hospitality.

Despite the intense competition, the Group was able to bring in significant revenue growth and positioned to reap the fruits of all hardwork.

Year 2016

What sets us apart this year is our renewed and intensified focus on marketing. We have redoubled our efforts to market our brand to our customers and endeavored to meet them where they increasingly spend their time--which is, in this age of digitally-propelled tourism, the online space. We still cater to traditional markets through our offline channels, strengthening partnerships and aggressively forming revenue-generating deals and contracts with significant clients. By being proactive and addressing the consumer market through innovative and creative marketing in multiple touch points and by maximizing online-offline dynamics, we have been able to capture a bigger share of the business, generating increased rooms revenue and F&B revenue.

The MICE market has been a particularly strong driving force in the year. Our ability to reach out to our existing client base to facilitate further business and enhance brand loyalty has been highly rewarding, with MICE-generated banquet and functions contributing significantly to overall growth in sales.

Overall, reflects a keen interest by both local and international markets, with the local market as a uniquely consistent driving force in our hotels--showing that the Waterfront brand has gained significant loyalty among local customers and provides an important revenue stream that can be harnessed further as it creates resilience in the business.

Year 2017

2017 marked continuous growth by becoming the usual host of some of the country's biggest events, the "castlesque" establishment has become one of the city's most iconic monuments and has established itself as a primary entertainment destination through the years. Being truly at the "center of it all", our hotels serve up a combination of refinement and comfort like no other, as each property expresses elegance with beautiful furnishings, exquisite interior design details and state-of-the-art amenities.

The Group has spent two decades of dedication in delivering nothing but excellent service and top-notch rooms and facilities to all its valued guests thus, with this overwhelming recognition to be chosen as one of the Philippine recipients for the ASEAN's prestigious MICE Venue Standard Award in the Hotel Category Setting, the hotel offers this success also to its patrons and loyal guests.

Year 2018

This year was a year filled with challenges and growth for the group. Earlier this year, Acesite Hotels Corporation has met with an unfortunate event. However, this didn't stop the Hotel Group from thriving. Renovations and repairs have already been driven forward to ensure that such roadblocks do not hamper the envisioned growth. The hotels in Cebu and Davao have all provided continuous improvement all throughout the year by cementing its reputation of being reliable and grand venues for events and a center for business.

With a vision to be a leader in the lodging industry through providing excellent customer service, Waterfront Hotel Group pushes forward to new heights with plans to re invigorate function rooms and further improve a cluster of services to our clientele.

Year 2019

The group showed a sustained growth this year all throughout the operational properties. The newly renovated function rooms of WCCHI was unveiled earlier this year with plans to revitalize and renew the remaining function rooms including the coveted venue in the city, The Grand Ballroom.

Both WCCHI and WMCHI are considered to be the top choice of international airline carriers to provide excellent lodging and service for their crew whilst in the city. All three hotels have continually provided venues for grand National events, business ventures and vacationing tourists alike.

Year 2020

This year the group endured a global pandemic. The COVID-19 outbreak has spread across the globe causing disruptions to businesses and economic activities. The hotel was one of the most affected industries. The hotel was not able to operate at full capacity when quarantine was implemented in varying degrees nationwide since the second quarter of the year.

Davao and Mactan achieved 100% and 92% occupancy in the first quarter, respectively. However, occupancy was significantly lower for the rest of year to as low as 2% in Davao and 9% in Mactan and Cebu in some months. To cope, the company offered Bayanihan promos to accommodate guests through online bookings and walk-ins, government groups and corporate clients which include airline, telecommunication and utilities companies. There was significant reduction in the level of capital and operational expenditures in the short term, limiting the outflows to only required compliance with health and safety and pausing all nonessential spending.

Strategies

The hotel properties are centrally located in the central business districts of three prime Philippine destinations, Manila, Cebu and Davao. These are the key cities of the country with the highest tourism traffic. As such our location gives us access to a greater number of foreign and local travelers.

The management team has a substantial management experience in the acquisition of equity interests in hotels in the Philippines. We have enjoyed considerable success in formulating and implementing clear acquisition strategies, and seizing opportunities to explore market potential of the hotel industry.

The acquisition strategy remains sound as it takes half the time to acquire and renovate properties as it does to conceptualize, construct and pre-open new properties. With the expertise in the hotel management, and the partnership with an investment group that is premised on the transfer of clean properties with minimal business risks, the company is confident enough the ability to improve operations and enhance value of acquired assets.

As to price, the Company offers competitive rates and packages catering to the different markets, practices flexible schemes to respond to the dynamic market. As to product/services, consistent excellent service is the key. Moreover, well maintained facilities and equipment, impressive, exciting and value for money promotions in the F&B outlets would definitely make a difference.

The Central Reservations System has made it the only integrated network of hotels in the country with a powerful presence through 24/7 booking service. As the company strives towards further convenience and accessibility, the company has introduced its outline booking facility. The newly redesigned website offers highly efficient online reservations facility that allows customers from all over the world to book real time and receive real time confirmation. This high-speed reservations feature enables the company to fully cater to the online market, whether the purpose is for travel research or convenient booking. All in all the company continue to expand in innovative ways, using technology and new media as a cost effective way to expand its market share, explore new markets and ensure the strength locally and internationally.

In addition to advancement concerning our operations is the upgrading of our property Management Systems (PMS). These are multi-million Peso investments to upgrade our efficiency, and ensuring that our operations remain steady in the years to come. The Waterfront Recipe Guide System is a savvy new strategy to give our F&B operations a boost. This will enable us to standardize our best-selling dishes, aiming to be more consistent in preparation and waste.

At Waterfront, we emphasize service that brings people back, and we reinforce this service through site training, among other programs. We are known for our signature warmth, attention to detail and approachability, qualities that our guests of all nationalities cherish during every stay. Whoever encounters the Waterfront experience will be assured of a reliable, consistent and satisfying brand familiarity that leads to loyalty.

Our greatest software is our People.

Item 2. Properties

The Company, being a holding company, has no real properties in its name. Properties under the WPI Group are under the ownership or lease holdings of the respective subsidiaries.

WCCCHI and *WMCHI* have separate contracts of lease for the use of parcels of land in the province of Cebu.

WCCCHI Land Lease:

Location	Former airport site at Lahug in Cebu City
Size	Approximately 4.6 hectares
Lessor	Mactan Cebu International Airport Authority
Terms of lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Lease Agreement	Fixed rental per month of Php 11.00 per square meter or a total amount per annum of Php 6,072,000.00 + Percentage rental of 2% of the annual Gross Revenue as defined under the Land Lease Agreement

WMCHI Land Lease:

Location	In front of Mactan-Cebu International Airport, Lapu-Lapu City
Size	Approximately 3.2 hectares
Lessor	Mactan Cebu International Airport Authority
Terms of lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Lease Agreement	Fixed rental per month of Php 18.75 per square meter or a total amount per annum of Php 7,875,000.00 + Percentage rental of 2% of the Annual Gross Revenues as defined under the Land Lease Agreement.

DIHCI Wholly Owned:

Location	Title	Area (In Sq. Meters)
▪ Lanang, Davao City Size: Approximately 12.29 hectares but with offshore area of 4.3 hectares	TCT 0-255*	2,997
	0-256*	304
	0-257*	113
	0-258*	50
	0-259*	404
	T-10250*	43,881
	T-10250*	47,320
	T-10251*	2,091
	T-102510*	2,043
	T-10252*	1,133
	T-10252*	300
	T-10252*	300
	T-10252*	1,580
	T-10254*	500
	T-10254*	400
	T-10303-A*	304
	T-30874*	223
	T-10264*	18,959

ACESITE Land Lease

Location	Corner of United Nations Avenue & Maria Y. Orosa Street in Ermita, Manila
Size	Total land area of 6,500 square meters
Lessor	Cima Realty Philippines Inc.
Terms of lease	Lease is valid until January 2031, renewable for another 20 years
Lease Agreement	Php 250,000 per month; escalation of 5% per year

On March 18, 2018, a fire broke out in Acesite (Phils.) Hotel Corporation's hotel property that damaged the lower floors of the main building as well as the Podium building occupied by the casino area and restaurants in the APHC's hotel property that resulted to the suspension of its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire has been declared and classified as "accidental in nature."

Item 3. Legal Proceedings

3.1 SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.
On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII numbering 235 million and 80 million shares, respectively.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS filed an appeal with the CA assailing the RTC of Quezon City decision in favor of the Company, et al. SSS filed its Appellant's Brief and the Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Company from the CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a Resolution issued by CA, resolved to submit the appeal for decision.

On August 30, 2019, the Court of Appeals rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Parent Company, filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020. As at the date of the BOD's approval of the consolidated financial statements, the Parent Company is still awaiting Notice/Resolution from the SC on the Petition for Review.

3.2. BIR Assessment

On November 10, 2008, the Parent Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Parent Company sent a protest letter to BIR contesting the said assessment. On February 18, 2009, the Regional Office of the BIR sent a letter to the Parent Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification.

On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.3 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. WPI decided not to contest the EWT assessment. The BIR filed its motion for reconsideration (MR) on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only.

Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

Item 4. Submission of Matters to a Vote of Security Holders

4.1 The stockholders approved and ratified the following matters during the Stockholder's Meeting held last November 16, 2020:

4.2

a. Election of the members of the Board of Directors to serve for the term 2020-2021. Those elected regular members of the Board were:
   1. Mr. Sergio R. Ortiz-Luis, Jr.
   2. Mr. Reno I. Magadia
   3. Mr. Kenneth T. Gatchalian
   4. Mr. Arthur M. Lopez
   5. Mr. Dee Hua T. Gatchalian
   6. Ms. Elvira A. Ting
   7. Atty. Lamberto B. Mercado, Jr.
   8. Mr. Sergio R. Ortiz-Luis, Jr.
   9. Atty. Ruben D. Torres
   10. Mr. Renato Francisco

   Atty. Arthur R. Ponsaran acts as the Corporate Secretary of the Company.

b. The designation of KPMG R.G. Manabat and Co. as the Corporation's external auditor. The signing partner of the company, Mr. Tireso Randy F. Lapidez, has been holding the designation for 5 years starting 2016.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

5.1 The common stock of the company is being traded currently in the Philippine Stock Exchange. On June 16, 1999, the Parent Company declared cash dividend of Php 0.02 per share on its Common Shares outstanding as of May 15, 1999. This amounted to Php 19.23 million. The Parent Company also declared a 10% stock dividend as of September 15, 1999 record date.

The Company has not issued dividends since the year 2000. However, it promises to declare dividends once the deficit is offset and the market for the coming years proper.

5.2 The stocks of WPI shares which are listed on the Philippine Stock Exchange for the last two calendar years are as set out hereunder:

Peso	High	Low
2020		
January – March 2020	0.630	0.300
April- June 2020	0480	0.350
July- September 2020	0.460	0.360
October- December 2020	0.780	0.375

Peso	High	Low
2019		
January – March 2019	0.830	0.640
April- June 2019	0.810	0.640
July- September 2019	0.890	0.650
October- December 2019	0.700	0.570

The price of the stock is at 0.58 as of December 31, 2020 and at 0.66 as of April 15, 2021.

5.1 The number of stockholders of record as of December 31, 2020 on the Register of Shareholders was 435 but the company is not able to identify the actual number of beneficial owners who are registered under the name of the member companies of the Philippine Stock Exchange (PSE). Common shares outstanding as of December 31, 2020 were 2,498,991,753. There are no sales for the last three years of unregistered securities.

5.2 The list of top 20 stockholders of record as of December 31, 2020 is as stated hereunder:

	STOCKHOLDER'S NAME	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
1	THE WELLEX GROUP, INC.	1,128,466,800	45.16%
2	PCD NOMINEE CORP. (FILIPINO)	839,357,973	33.59%
3	PCD NOMINEE CORP. (NON-FILIPINO)	341,234,201	13.65%
4	KENNETH T. GATCHALIAN	30,000,100	01.20%
5	REXLON T. GATCHALIAN	30,000,100	01.20%
6	WESLIE T. GATCHALIAN	30,000,100	01.20%
7	FORUM HOLDINGS CORPORATION	20,626,000	00.83%
8	PRIMARY STRUCTURES CORPORATION	16,212,500	00.65%
9	REXLON GATCHALIAN	14,740,000	00.59%
10	METRO ALLIANCE HOLDINGS & EQUITIES, INC.	14,370,000	00.58%

11	ELVIRA A. TING	10,000,009	00.40%
12	CATALINA ROXAS MELENDRES	6,246,000	00.25%
13	MANUEL H. OSMENA &/OR MANUEL L. OSMENA II	1,400,000	00.06%
14	ROLANDO M. LIM	1,142,500	00.05%
15	FELIPE A CRUZ, JR.	1,100,000	00.04%
16	MARIA CONCEPCION CRUZ	876,000	00.04%
17	FREYSSINET PHILIPPINES, INC.	770,000	00.03%
18	BENSON COYUCO	605,000	00.02%
19	DAVID LAO OSMENA	589,600	00.02%
20	LUCENA B. ENRIQUEZ	552,000	00.02%

Item 6. Management's Discussion and Analysis or Plan of Operation

Below are the results of operations of the Parent Company and its subsidiaries, for the years ending December 31, 2020 and 2019 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS (Amounts in P)

	2020	**2019**
Revenues	1,054,632,300	1,997,069,078
Less: Costs and Expenses	717,654,748	1,379,935,134
Gross Income	**336,977,552**	**617,133,944**
Other Expenses (Income)	470,085,862	12,185,032
Net Income (Loss) Before Income Tax	**807,063,414**	**629,318,976**
Income Tax Expense (Benefit)	123,597,065	158,330,614
NET INCOME (LOSS)	**683,466,349**	**470,988,362**
Earnings (Loss) Per Share	**0.158**	**0.176**

FINANCIAL CONDITION (Amounts in P)

	2020	**2019**
ASSETS		
Current Assets	4,423,715,641	4,124,738,706
Noncurrent Assets	10,819,583,276	8,980,324,285
Total Assets	**15,243,298,917**	**13,105,062,991**
LIABILITIES		
Current Liabilities	2,674,648,755	2,882,792,090
Non-current Liabilities	3,166,286,895	2,828,935,822
Total Liabilities	5,840,935,650	5,711,727,912
Total Stockholders' Equity	**8,319,536,202**	**6,627,464,761**
Minority Interest	1,082,827,065	765,870,318
Total Liabilities & S/H Equity	**15,243,298,917**	**13,105,062,991**

<u>Calendar Year -ended December 31, 2020 as compared with Calendar Year ended December 31, 2019</u>

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended Dec. 31, 2020 was lower than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2020 is at P1.054B compared to 2019's P1.997B, decreasing by 47%.

Earnings per share for 2020, P0.158 and P0.176 for 2019. There are no potentially dilutive shares as of December 31, 2020.

Cost and expenses

– Cost and expenses of 2020 is at 718M compared to last year's 1.38B

FINANCIAL CONDITION

Cash and cash equivalents – This account increased by P501M which is 74% higher from last year.

Receivables – Decreased by 20.51% from P667.54M in 2019 to P530.64M in 2020.

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Notes Receivable – Decreased for the year by 12.36M or a decrease of 5.24%.

Inventories – Inventories decreased by 25.43% from last year.

Due from related parties-current portion – The account decreased to P51.41M, an amount 2.23% lower from last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty.

Prepaid expenses and other current assets – An increase of P5.98M from last year's P204.55M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment – There was a 27.09% increase from last year's P6.71B to this year's P8.53B. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

Other noncurrent assets – There is an increase of P167M on this account compared to last year's 703M

Current Liabilities – The account consisted of trade payable, income tax payable, accruals and loans payable. The account decreased by 7.22% from last year; P2.88B in 2019 to P2.67B in 2020.

Loans Payable – Current portion of the loan decreased by 3.44%. Non-current portion amounts to 635M or a decrease of 255M.

Other current liabilities – The account resulted in a decrease from 43.15M last year to 39.04M this year. This refers to concessionaire, other deposits and deferred income.

<u>Calendar Year -ended December 31, 2019 as compared with Calendar Year ended December 31, 2018</u>

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended Dec. 31, 2019, was higher than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2019 is at P1.99B compared to 2018's P1.85B, increasing by 8%.

  Earnings per share for 2019, P0.176 and P0.017 for 2018. There are no potentially dilutive shares as of December 31, 2019

Cost and expenses

- Cost and expenses of 2019 is at 1.38B compared to last year's 1.39B

FINANCIAL CONDITION

Cash and cash equivalents – This account decreased by P35.885M which is 5% lower from last year.

Receivables – Increased by 19% from P561.48M in 2018 to P667.54M in 2019.

Notes Receivable – Decreased for the year by 18.245M or a decrease of 7%.

Inventories – Inventories increased by 24.22% from last year.

Due from related parties-current portion – The account increased by P225M an amount 11% higher from last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty.

Prepaid expenses and other current assets – An increase of P66.683M from last year's P137.87M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment – There was a 32% increase from last year's P5.10B. In compliance with PAS 27, property and equipment (except operating and transportation equipments were carried at revalued amounts effective 2009.

Other noncurrent assets – There is an increase of P504.64M on this account compared to last year's 198.442M

Current Liabilities – The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by 14.19% from last year; P2.53B in 2018 to P2.88B in 2019.

Loans Payable – Current portion of the loan remains at 650M. Non-current portion amounts to 890.43M or a decrease of 277.66M

Other current liabilities – The account resulted in a decrease from 220.96M last year to 43.15M this year. This refers to concessionaire, other deposits and deferred income.

Calendar Year -ended December 31, 2018 as compared with Calendar Year ended December 31, 2017

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended Dec. 31, 2018, was lower than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2018 is at P1.85B compared to 2017's P2.1B, decreasing by 12%.

  Earnings per share for 2018, P0.017 and P0.087 for 2017. There are no potentially dilutive shares as of December 31, 2018, 2017, 2016.

Cost and expenses

- Cost and expenses of 2018 is at 1.39B which decreased by 2.13% compared to last year.

FINANCIAL CONDITION

Cash and cash equivalents – This account increased by P366.71M which is higher from last year by 106.01%.

Receivables – Increased by 145.87% from P228.36M in 2017 to P561.48M in 2018.

Notes Receivable - The Group extended loans to Acesite Leisure and Entertainment Corporation (ALEC) amounting to P195.01 million payable on December 31, 2018, and bear interest at 4% per annum (see Note 21). The loan is guaranteed by another entity in behalf of ALEC.

Inventories – Inventories decreased by 27.75% from last year.

Due from related parties-current portion – The account increased to P2.08B an amount 30% higher from last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty. It also includes transactions with PHES which is non-interest bearing. This year of 2018, these advances are due in one year, subject to yearly renewal and re-pricing.

Prepaid expenses and other current assets – An increase of P40.31M from last year's P97.56M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment – There was a 20.14% decrease from last year's P6.39B. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

Other noncurrent assets – There is an increase of P168.22M on this account, an amount equivalent to 556.62% compared from last year.

Current Liabilities – The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by 30.92% from last year; P1.93B in 2017 to P2.53B in 2018.

Loans Payable – Current portion of the loan increased from 375M to 650M which is an increase of 73.33%. Non-current portion amounts to 1,168,085,107 which was not existent last year

Other current liabilities – The account resulted in an increase of 205.58M. This refers to concessionaire, other deposits and deferred income.

Key Variable and Other Qualitative and Quantitative Factors:

a. Any known Trends, Events or Uncertainties

The Group has assessed that although COVID-19 will not have significant effect on its ability to continue as a going concern, it will still have continuing impact on its operations. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's financial statements when these become estimable.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Omnibus Security and Loan Agreement Covenants
As of December 31, 2020, the Group's debt service coverage ratio has fallen below the agreed threshold, but the Group was able to obtain a waiver for the breach (see Note 26). As at the date of the authorization of the financial statements, the Group is not in default and continues to pay the maturing interest and principal in a timely manner.

c. There are no material off-balance sheet transactions, arrangements, obligations (including, contingent obligations), and other relationship of the company with unconsolidated entities or other persons created during the reporting period.
d. The group is not subject to externally-imposed capital requirements.

Financial Risk and Capital Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors and advances to supplier), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The credit quality of the Group's financial assets that are neither past due or impaired is considered to be of good quality and expected to collectible without incurring any credit losses.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's financial instrument that is primarily exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375.00 million loan from SSS, as well as the stock rights offering of the Parent Company. Since 2006, the Parent Company charged WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. Starting 2017, WCCCHI was not anymore charged with the interest on SSS loan because the Parent Company has assessed that if it has already fulfilled its obligations related to its use of proceeds from such loan.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed in the PSE totaling to 86.71 million shares as at December 31, 2020 and 2019 (see Note 8f).

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

The fair value of listed investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2020 and 2019.

Risk Management Structure

Board of Directors

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2021 and 2020.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the omnibus and security loan agreement. Breaches in meeting the financial covenants would permit the bank to immediately call the loans. There have been no breaches of the financial covenants in the current period.

Item 7. Financial Statements

The consolidated financial statements are filed as part of this Form 17-A, attached hereto and marked as Annex 'A'.

INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

1) External Audit Fees and Services

KPMG R.G. Manabat & Co. began the external audit of the financial statements of Waterfront Philippines, Inc. and its subsidiaries for the calendar year ended December 31, 2002 until present, December 31, 2020.

A) Audit and Audit-Related Fees, net of Tax

	FOR THE CALENDAR YEAR ENDED DECEMBER 31,	
	2020	***2019***
Aggregate Fees Billed for the external audit of the Company's financial statements	3,477,600	3,818,920

B) Tax Fees

None

C) All Other Fees

None

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

9.1 The names and ages of the Directors and Executive Officers as of December 31, 2020 are as follows:

Office	Name	Age	Citizenship	Position in Other Listed Companies
Chairman of the Board	Sergio R. Ortiz-Luis, Jr.	76	Filipino	Independent Director- Waterfront Philippines, Inc., President & CEO - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Concepts and Solutions, Inc., Vice-Chairman of Alliance Global, Inc.; Director – International Chamber of Commerce of the Philippines, Manila Exposition Complex, Inc., Lasaltech Academy, BA Securities, Rural Bank of Baguio, GS1.; Gov't Affiliations: Vice-Chairman – Export Development Council; Civic Organizations: Chairman - Rotary Club of Green Meadows, Director – PILAK Foundation, Universal Access Center for Trade Others: Honorary Consul General – Consulate of Romania in the Philippines.
Director	Kenneth T. Gatchalian	45	Filipino	Director-Wellex Industries Inc.; President & CEO of Acesite (Phils.) Hotel 2007-present; President and Chief Excutive Officer of Philippine Estates Corporation 2010-2011; Director-Forum Pacific Inc.
Director	➢ Arthur M.Lopez	75	Filipino	Owner and Principal Consultant of AML Hotel Consultancy, Management and Technical Services Consultant of Federal Land and owner of Grand Hyatt Projects and Marco Polo Cebu; Director-Philippine Estates Corp., Chairman- Acesite Phils. Hotel Corp, Hotel Management Consultant of the B Hotel Manila, Bellevue Bohol Resort in Panglao, B Hotel Quezon City, Bellevue Baguio (opening in 2018) and Bloomberry Casino Hotels & Resorts; Regional Director of Asia Pacific Top Management International Resources Corp.; Hotel Management Consultant of Double Dragon properties Corporation. President of Legoli Holdings Inc and Arleff Holdings Inc. and President of Phil. Hotel Federation Inc.
Director	Dee Hua T. Gatchalian	73	Filipino	Director- Philippine Estates Corporation, Acesite (Philippines) Hotel Corporation; EVP- Finance and Admin The Wellex Group, Inc., & Plastic City Corporation. Chairperson of Jesus Our Life Ministries, Inc.
Director	Reno I. Magadia	51	Filipino	Managing Director- Misons Industrial &

				Development Corp., Metro Combined Logistics Solutions, Inc.; Director – Metro Alliance Holdings and Equities Corp. Vice-President and Director of Mercator Filter Manufacturing Corporation.
Director	Lamberto B. Mercado, Jr.	57	Filipino	Director-The Wellex Group, Inc., Metro Alliance Holdings & Equities Corp., Forum Pacific, Inc. Director- Acesite (Phils.) Hotel 2004-present, Air Philippines Corporation and Philippine International Airways, Inc.
Director	➢ Renato C. Francisco	78	Filipino	Associate Justice-Court of Appeals, Former Executive Judge of the Regional Trial Court, Former Assistant City Prosecutor for Makati City
Director	➢ Ruben D. Torres	80	Filipino	Independent Director Waterfront Philippines, Inc., President –BPO Workers Association of the Phils..; Senior Partner – Torres Caparas Torres Law Offices; Secretary General-Katipunan ng Manggagawa at Magsasaka ng Pilipinas; Chairman/CEO - Service Exporters Risk Management & Consultancy Co., Towers Corporation and Optimus Medical Care and Trading Corporation.
Director and Treasurer	Elvira A. Ting	61	Filipino	President & CEO – Philippine Estates Corporation; Director-Wellex Industries, Inc., Forum Pacific, Inc., Orient Pacific Corporation, Crisanta Realty and Development Corporation, Recovery Development Corporation, The Wellex Group, Inc., Plastic City Industrial Corporation.
Corporate Secretary	Arthur R. Ponsaran	78	Filipino	Director-Philippine Estate Corporation, Wellex Industries, Inc., Forum Pacific, Inc. Acesite (Phils.) Hotel, Managing Partner-Corporate Counsels, Phils., Chairman of Value Management and Options Corp and Corp Secretary of Producers Rural Banking Corp., The Wellex Group, Inc., MRL Gold Phils., Inc., Village Foundation, Shuylkill Assets Strategists (SPV-AMC), Inc., Petrolift Corp.

➢ ***Independent Directors***

A brief description of the directors' and executive officers' business experience and other directorship held in other reporting companies are provided as follows:

Sergio Ortiz-Luis, Jr.	**Chairman of the Board**

He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc.

He is the Vice Chairman of Alliance Global, Inc., Export Development Council. He is a Director of Manila Exposition Complex, Inc., Lasaltech Academy, Philippine Estate Corporation, BA Securities, Rural Bank of Baguio, PILAK Foundation, and Universal Access Center for Trade and Philippine International Training Corporation. He is a Council Adviser Member of Philippine Foundation, Inc., a Founding Director of International Chamber of Commerce of the Philippines and GS1. He is also a member of the Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117, a Financing Champion of National Competitiveness Council and a Private Sector Representative of Bamboo Council. He is also a Chairman of Rotary Club of Green Meadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the Past President of Rotary Club of Green Meadows Quezon City RI District 3780; a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-present. In 2014, he attended Exporter's Partner in Gearing the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63rd Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.

Kenneth T. Gatchalian	**President**

Mr. Kenneth T. Gatchalian is a President of the Company. He is a member of the Board of Forum Pacific, Inc. and Wellex Industries, Inc., and The Wellex Group, Inc. Holds a Degree in Bachelor of Science in Architecture from University of Texas in San Antonio, Texas, USA. He's been the Director of Waterfront since February 2001.

Arthur M. Lopez	**Director**

Hotel management consultant specializing in general hotel management consultancy services, marketing, hotel design development/technical services, gaming, hotel feasibility study, pre and post hotel opening management services, asset management/owner's representative, food and beverage concept and service, mergers and acquisitions, travel and tours, theme parks and third party management and branding. The Owner and Principal Consultant of AML Hotel Consultants. Hotel Management and Development Consultant – Double Dragon Properties Corporation (PSE listed) - Hotel of Asia Inc. – Jin Jiang Ortigas, Jin Jiang Inn Makati, Injap Tower Iloilo, Hotel 101 Manila (500 rooms), Hotel 101 Fort project (600 rooms, under construction); Hotel 101 Bohol (250 rooms, under construction); Hotel Management and Development Consultant – Bellevue Bohol Resort, The Bellevue Hotel Manila, The B Hotel Manila, B Hotel Quezon City; Bellevue Baguio (under construction) opening in 2018; Bellevue Bohol Resort extension (140 rooms) opening 2019. Hotel Management and Development Consultant – Wydham Garden (Wellworth Properties and Development Corporation) Quezon City (200 rooms) opening in 2020 and in a resort hotel in Mactan, Cebu City (300 rooms) opening in 2021. The Chairman – Philippine Estates Corporation (PSE listed) and Acesite Philippines Hotel Corporation, owner of Manila Pavilion Hotel (PSE listed). Director – Waterfront Hotels and Casinos (PSE listed) – Waterfront Cebu City Hotel & Casino, Manila Pavilion Hotel & Casino, Waterfront Airport Hotel & Casino and Waterfront Insular Hotel Davao. President – Philippine Hotel Owners Association, Inc. (PHOAI) – the largest group of hotel owners and developers in the Philippines. Holds a Bachelor of Science degree in Commerce, major in Management, and a Master's Degree in Business Administration (MBA), both from the University of Santo Tomas in the Philippines. He completed a Tourism Management course at the East-West Center, University of Hawaii, Honolulu, Hawaii and Cornell University, Ithaca, New York, USA.

Dee Hua T. Gatchalian	**Director**

Mrs. Gatchalian was elected director of the Company since 24 June 2004-present. She is the Executive Vice-President of The Wellex Group, Inc., and also the Executive Vice-President of Plastic City Corporation. She is a board of director of Philippine Estates Corporation, and Acesite (Phils.) Hotel Corp. She graduated with a degree in Medical Technology from the Far Eastern University in 1970. In addition to her numerous positions in business firms, she is the Chairperson of Jesus Our Life Ministries, Inc., a non-profit, non-stock organization duly registered with the Securities and Exchange Commission.

Reno I. Magadia	Director

A Master's degree holder in Business Administration from Pepperdine University in Los Angeles, California, Mr. Magadia is currently the Managing Director of holding firm, Misons Industrial and Development Corp. He is also the Managing Director of Metro Combined Logistics Solutions, Inc. He is on the Board of Directors of Metro Alliance Holdings and Equities Corporation. He held the posts of Vice President and Director of Mercator Filter Manufacturing Corporation. He also worked as Head Portfolio Manager of stock brokerage firm, Papa Securities Corporation. He was also the President and Founder of the Youth Leaders for Change, a non-profit and multi-sectoral organization for youth leaders in Quezon City. He was elected as Director of Waterfront Philippines, Inc., since September 17, 2005-present.

Lamberto B. Mercado, Jr.	**Director**

A lawyer and a CPA by profession, Atty. Mercado is a member of the Board of Directors of several publicly-listed companies namely: Waterfront Philippines, Inc., Metro Alliance Holdings & Equities Corp., Forum Pacific, Inc., Acesite (Philippines) Hotel Corporation and Wellex Industries, Inc. He is currently the Vice-President for Legal Affairs of the Wellex Group, Inc. In the past as Deputy Administrator for Administration, he had supervised the largest group in the Subic Bay Metropolitan Authority (SBMA). He had also, helped in the drafting of Administrative Orders to effectively implement R.A. 7227 (the law creating the Subic Bay Freeport Zone) and its implementing rules and regulations. He was the President of Freeport Service Corporation, a subsidiary of SBMA and helped in the creation and organization of this service corporation. He was also a Director of Acesite (Phils.) Hotel Corporation since June 24, 2004-present. Associate Lawyer of Gascon, Garcia and Associates. He studied BSC Major in Accountancy at the University of Santo Tomas and Bachelor of Laws (LLB) at the Ateneo de Manila University School of Law, graduated in 1985 and 1990, respectively. He has been a director of Waterfront Philippines Inc., since July 2003-present.

Renato C. Francisco	**Director**

A veteran legal professional, Justice Renato C. Francisco has been serving as an Associate Justice for the Court of Appeals from May 31, 2012 – August 20, 2018. An Ateneo De Manila University graduate for his Bachelor of Laws, Justice Francisco has served in the judiciary as a Presiding/Executive Judge for the Regional Trial Court – Branch 19 of Malolos, Bulacan. Prior to that, he has also been the Assistant City Prosecutor for Makati City from 1992 to 1996. His extensive knowledge about the judiciary and legislations was further improved by the training programs that he has been a part of including The Harvard Negotiation Intensive, The Seminar-Workshop on Substantive Law and Jurisprudence on Intellectual Property for Court of Appeals Justices.

Ruben D. Torres	**Director**

Mr. Ruben Torres graduated in the University of the Philippines with a degree of Bachelor of Arts (Political Science) after which, he finished the degree of Bachelor of Laws at the same university. Presently he is also the President of BPO Workers Association of the Philippines and Senior Partner of Torres Caparas Torres Law Office. He is also the Secretary General of Katipunan ng Manggagawa at Magsasaka ng Pilipinas. He is associated with the Integrated Bar of the Philippines and Philippine Academy of Professional Arbitrators. His former positions include being a Member of the House of Representatives of the 2nd District of Zambales, Executive Secretary of the Office of the President in Malacañang, Secretary of the Department of Labor and Employment. Mr. Torres became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.

Elvira A. Ting	**Director and Treasurer**

Ms. Elvira A. Ting earned her Bachelor's Degree in Business Administration major in Management from the Philippine School of Business Administration. Has been the Director of Waterfront Philippines, Inc., since October 2000-present**.** She is also the President/Director of Philippine Estates Corp., a director Wellex Industries, Inc., The Wellex Group, Inc., and Forum Pacific, Inc. She is also a Director/CFO of Acesite Phils. Inc. since 2004-present.

Executive

Kenneth T. Gatchalian	**President**

(see above description)

Precilla O. Toriano	**Corporate Finance Director**

Ms. Toriano joined Waterfront in September 10, 2001 as Asst. Financial Controller of Waterfront Cebu City Casino Hotel. After five (5) months, she became the Financial Controller before she was promoted as Corporate Finance Director for the group. Before joining Waterfront, she has already been working with the group; she worked as Internal Auditor at Air Philippines Corp. and eventually transferred to The Wellex Group, Inc. to join the Corporate Internal Audit team, which paved the way for her coming in the Waterfront Hotels and Casinos. She is a CPA by profession; she graduated at the University of the East with a degree of Bachelor of Science in Business Administration Major in Accounting. She took up MBA units in the Polytechnic University of the Philippines. After graduation, she worked as an accounting staff at Liberty Corrugated Boxes Manufacturing, Inc. Then, she moved to Control Management Inc. as an Internal Auditor. After which, she worked for Philippine Remnants Corp. as an Accounting Manager. She had several trainings in the following fields: Managerial Leadership and Decision Making Skills, the Basics of Management Audit, Supervisory Effectiveness, Accounting and BIR Regulations, Accounting and Bookkeeping Audit, Operations Audit, Living and Working in Balance, Management Development Program, Accounting & Administrative Control, and Lean Six Sigma. In 2005 she acquired a Certification in Financial Management for Hotels at Cornell University School of Hotel Administration, in New York USA focusing on High Performance Financial Management For Hotels Operations, Hospitality Financial Management & Operations Decision Making, and Fraud Controls for Managers. She attended the CFO Congress 2007 at Malaysia. In 2010 she was sent to Singapore to attend the Strategic & Sustainable Cost Control Training. She attended the Financial Modeling Seminar in Singapore in 2011. In the year 2012 in June-July, she was sent by the company to New York to attend the Management Development Program at Cornell University thus granting her the "Certification in Strategic Management". This June 2015, she took the 3-day MBA for Chief Finance Officers held in Kuala Lumpur, Malaysia.

Maria Socorro Cotelo	**Corporate Planning Director**

Ms. Cotelo is the Corporate Planning Director for Waterfront Hotels & Casinos. She joined Waterfront in 2003 as Sales Accounts Manager before she moved to help establish Revenue Management in the company from there she continued to work in the Corporate Planning Division undertaking Standardization, Business Development, Reservation & Distribution and Corporate Information Technology. She earned her Bachelor's Degree in Economics at the University of San Carlos and took up masteral units for the same course before pursuing her Bachelor of Laws from SouthWestern University, Cebu City. After completing her Bachelor of Laws, she worked for the Davide, Calderon, and Tolentino Law office in 2002 and as part-time instructor for the University of San Carlos, Economics Department.
She had significant training in Hotel Management and Distribution Systems and attended Revenue Management seminars specifically on Pricing, Travel distribution and technology, Project Management, Branding, and Selling Skills workshops. Her speaking engagement to two of these international seminars & forums under the Travel Distribution Summit Asia in 2008 and 2009 include topics on Revenue Management in Tough times and Integrating Sales and Marketing in Revenue Management. She completed her Certification in Revenue Management at Cornell University, New York in 2011 with focus on hotel and restaurant revenue management, strategic pricing, demand management, strategic marketing and financial management.

Lanelle Cristina M. Barba	**Corporate Peers' Resources and Development Director**

Ms. Barba, joined Waterfront on June 2006–April 2008 as Employee/Labor Relations Officer in Waterfront Pavilion Hotel and Casino, and was appointed as Peers Resources' and Development Director of the same property on April 30, 2008. Currently, she is the Corporate Peers' Resources and

Development Director of Waterfront Hotels and Casinos. She earned her Bachelor's Degree in Elementary Education at the University of Santo Tomas. Prior joining with Waterfront, she is the HR Officer of Asia Select Inc. and Research Analyst under Employee Relations and Benefits Division of Metrobank. She was sent to various trainings and seminars and in 2009, she was sent to Nanyang University, Singapore to attend the PDP 2009 Building the Human Capital Base: Essential HR Practices for Managers. In 2011 to Bangkok, Thailand for HR Audit training. On August 15, 2018, she completed the seminar on Corporate Governance.

9.2 The Directors of WPI are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified. For the year 2019 the Board of Directors' meeting for the election of the Executive Officers was held on last October 19, 2019. The Directors are to serve one year from then. The last annual stockholders' meeting was held at the Waterfront Cebu City Hotel.

9.3 Mr. Kenneth T. Gatchalian is a child of Ms. Dee Hua T. Gatchalian. Ms. Elvira A. Ting is a sister of Ms. Dee Hua T. Gatchalian and an aunt of Mr. Kenneth T. Gatchalian.

There are no other relationships among the officers listed.

9.4 None of the Directors and Executive Officers of the Corporation is engaged in any material litigation either as Plaintiff or Defendant, and the Directors and Executive Officers do not have any knowledge of any proceedings pending or threatened against them for the past five years that are material to evaluation of the integrity and ability of any director including but not limited to the following: (a) Any bankruptcy petition filed by or against any business of which such person was a general partner; (b) any conviction by final judgment, including the nature of the offense, including in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and minor offenses; (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

9.5 There is no significant employee to the Company who is not an executive officer but who is expected by the Company to make a significant contribution to the business except for the Training Consultant and Legal Consultants, the organic pool of trainors as of the moment. In order to protect the long-term viability of the firm with regard to these people, the Company has included in their contracts a provision for conflict of interest, provision for lock in period and non-duplication of documents and developments with WPI copyrights.

Item 10. Executive Compensation

10.1 None of the directors receive compensation for serving as directors of the company.

10.2 The aggregate compensation paid to the four.

	Fiscal Year Ending December 31 2020	2019	2018
a) Aggregate compensation paid to four most highly compensated executive officers: -estimated i) Anders Hallden ii) Precilla Toriano iii) Maria Socorro Cotelo iv) Lanelle Barba	13,022,205.00	12,402,100.00	11,811,525.00
b) Aggregate compensation paid to other Officers as a group unnamed -estimated	8,979,510.00	8,551,914.00	8,144,680.61

10.3 To date WPI has not issued any options or implemented any option scheme to its directors and officers.

10.4 There is no issuance of warrants or options for the year 2020 to the directors or executive officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

11.1 **Security Ownership of Certain Record and Beneficial Owners**
As of December 31, 2020, WPI has no knowledge of any individual or any party who beneficially owns in excess of 10% of WPI's common stock except as set forth in the table below:

Title of Class	Name of Record/ Beneficial Owner	Amount & Nature of Record/Beneficial Ownership ("r" or "b")	Percent Of Class
Common	The Wellex Group, Inc.	1,128, 466, 800 **"r"** *	45.16
Common	PCD Nominee Corp.(Fil)	580, 381, 575 **"r"**	33.59
Common	PCD Nominee Corp. (Non-Fil)	180, 230, 000 **"r"**	13.65

*Ms. Elvira A. Ting, the Treasurer, represents The Wellex Group, Inc.

11.2 **Security Ownership of Management**

Title Of Class	Name of Owner	Amount and Nature of Ownership ("r" or "b")	Percent of Class
Common	Kenneth T. Gatchalian	30, 000, 100 **r&b**	1.200
Common	Arthur M. Lopez	1 **r&b**	0.000
Common	Elvira A. Ting	10, 000, 009 **r&b**	0.400
Common	Lamberto Mercado	100 **r&b**	0.000
Common	Arthur R. Ponsaran	110 **r&b**	0.000
Common	Dee Hua T. Gatchalian	350, 000 **r&b**	0.014
Common	Reno Magadia	10, 000 **r&b**	0.000
Common	Sergio R. Otiz-Luis Jr.	110 **r&b**	0.000
Common	Ruben Torres	1, 000 **r&b**	0.000

There are no persons holding a certain class of stocks under a voting trust or similar agreement. There are also no arrangements that may result in a change in control of the registrant.

Item 12. Certain Relationships and Related Transactions

The Directors by virtue of their interest in the shares of the Company are deemed to have interests in the shares of its subsidiary companies and associated companies to the extent the Company have an interest.

During the fiscal year, no director of WPI has received or become entitled to receive any benefit by reason of:

i) a contract made with WPI or
ii) a contract made with a related corporation or
iii) a contract made with a firm of which the director is a member or
iv) a contract made with a company in which the director has a substantial financial interest.

Item 13. Exhibits and Reports on SEC Form 17-C
(a) Exhibits
(b) Reports on SEC Form 17-C

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code , this report is signed on behalf of the issue by the undersigned; thereunto duly authorized, in the City of CITY OF MANILA on 10 JUN 2021 2021.

KENNETH T. GATCHALIAN
President/ CEO/COO

ELVIRA A. TING
Treasurer/CFO

ARTHUR R. PONSARAN
Corporate Secretary

PRECILLA O. TORIANO
Corporate Finance Director

SUBSCRIBED AND SWORN to before me this ____dayof 10 JUN 2021 2021 affiant(s) exhibiting to me his/their Passport.

NOTARY PUBLIC

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Book No. 14
Series of 2021

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP # 092831 Pasig 10-7-2019
PTR # 9823042 Mla. 1-4-2021
Roll # 25473, TIN # 103-098-346
MCLE Compl. No. VI- 0011418 until 4-14-2022

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 12/31/2020

Rank	Name	Shareholdings	Percentage
1	THE WELLEX GROUP, INC.	1,128,466,800	45.16%
2	PCD NOMINEE CORP. (FILIPINO)	839,357,973	33.59%
3	PCD NOMINEE CORP. (NON-FILIPINO)	341,234,201	13.65%
4	KENNETH T. GATCHALIAN	30,000,100	01.20%
5	REXLON T. GATCHALIAN	30,000,000	01.20%
6	WESLIE T. GATCHALIAN	30,000,000	01.20%
7	FORUM HOLDINGS CORPORATION	20,626,000	00.83%
8	PRIMARY STRUCTURES CORPORATION	16,212,500	00.65%
9	REXLON GATCHALIAN	14,740,000	00.59%
10	METRO ALLIANCE HOLDINGS & EQUITIES, INC.	14,370,000	00.58%
11	ELVIRA A. TING	10,000,009	00.40%
12	CATALINA ROXAS MELENDRES	6,246,000	00.25%
13	MANUEL H. OSMENA &/OR MANUEL L. OSMENA II	1,400,000	00.06%
14	ROLANDO M. LIM	1,142,500	00.05%
15	FELIPE A CRUZ, JR.	1,100,000	00.04%
16	MARIA CONCEPCION CRUZ	876,000	00.04%
17	FREYSSINET PHILIPPINES, INC.	770,000	00.03%
18	BENSON COYUCO	605,000	00.02%

19	DAVID LAO OSMENA	589,600	00.02%
20	LUCENA B. ENRIQUEZ	552,000	00.02%
21	EMILY LIM	500,000	00.02%
22	DEE HUA T. GATCHALIAN	350,000	00.01%
23	ARTHUR H. OSMENA &/OR JANE Y. OSMENA	330,000	00.01%
24	JOSE YAP &/OR CONCHITA YAP	330,000	00.01%
25	MARVIN J. GIROUARD	330,000	00.01%
26	ANA L. GO	300,000	00.01%
27	SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO	297,000	00.01%
28	CHARTERED COMMODITIES CORPORATION	294,999	00.01%
29	DOMINGO C GO	275,000	00.01%
30	SILVER GREEN INVESTMENTS LTD.	230,000	00.01%
31	MERIDIAN SEC., INC. A/C# 844	200,000	00.01%
32	GARY GO DYCHIAO	200,000	00.01%
33	CRISTINO NAGUIAT, JR.	181,500	00.01%
34	WILLIE TIO	159,500	00.01%
35	PIERCE INTERLINK SECURITIES, INC.	150,000	00.01%
36	BETO Y. LIM	150,000	00.01%
37	AURORA V. SAN JOSE	143,000	00.01%
38	YAN TO A. CHUA	132,000	00.01%
39	CELY S. LIM	112,200	00.00%
40	DEWEY CHOACHUY, JR	111,300	00.00%

41	JOHN CRHISTOPHER D. WEIGEL	110,000	00.00%
42	WILSON CHUA &/OR BECKY QUE CHUA	110,000	00.00%
43	WANG YU HUEI	110,000	00.00%
44	KENSTAR INDUSTRIAL CORPORATION	110,000	00.00%
45	WATERFRONT NOMINEES SDN BHD A/C#6	107,800	00.00%
46	MIZPAH HOLDINGS, INC.	100,000	00.00%
47	MANUEL H. OSMENA &/OR GRELINA L. OSMENA	100,000	00.00%
48	PACIFIC CONCORDE CORPORATION	100,000	00.00%
49	PACIFIC IMAGES, INC.	100,000	00.00%
50	PACIFIC REHOUSE CORPORATION	100,000	00.00%
51	PACIFIC WIDE REALTY DEVELOPMENT CORP.	100,000	00.00%
52	CATHAY SEC. CO., INC. A/C# 1030	100,000	00.00%
53	CHESA HOLDINGS, INC.	100,000	00.00%
54	CHONG PENG YNG	100,000	00.00%
55	HANSON G. SO &/OR LARCY MARICHI Y. SO	100,000	00.00%
56	CARRIE LIM	100,000	00.00%
57	ALVIN TAN UNJO	88,000	00.00%
58	TERESITA GO &/OR SATURNINA GO	87,000	00.00%
59	GEORGE U. YOUNG, JR	82,500	00.00%
60	ROLANDO D. DE LEON	66,000	00.00%
61	LIPPO SECURITIES, INC.	56,500	00.00%

62	L.M. GARCIA & ASS., INC. A/C# 160	55,000	00.00%
63	LEONG JEE VAN	55,000	00.00%
64	LIM TAY	55,000	00.00%
65	EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO	55,000	00.00%
66	RENATO C. GENDRANO &/OR GENDRANO BERNADETTE	55,000	00.00%
67	FRUTO M. TEODORICO, JR	55,000	00.00%
68	KIRBY YU LIM	55,000	00.00%
69	VICKY L. CHAN	55,000	00.00%
70	LYDIA J. SY	55,000	00.00%
71	MA. TERESA P. CRUZ	55,000	00.00%
72	PRIMITIVO C. CAL	55,000	00.00%
73	NEIL JOHN A. YU	50,000	00.00%
74	SANDRA E. PASCUAL	50,000	00.00%
75	ROBERTO L. UY	50,000	00.00%
76	FRANCISCO C. SAN DIEGO	50,000	00.00%
77	UY TIAK ENG	50,000	00.00%
78	EBC SECURITIES CORPORATION	48,400	00.00%
79	TAN DAISY TIENG	46,500	00.00%
80	EAST ASIA OIL & MINING COMPANY, INC.	40,000	00.00%
81	OCBC SECURITIES PHILS., INC.	40,000	00.00%
82	ADRIAN LONG	39,600	00.00%
83	GLADYS MAY L. OSMENA	39,600	00.00%

84	JAY JACOBS	39,600	00.00%
85	ROBERT KLING	39,600	00.00%
86	STEVE WOODWARD	39,600	00.00%
87	MEGHANN GAIL L. OSMENA	39,600	00.00%
88	MANUEL L. OSMENA, II	39,600	00.00%
89	MANILYNN L. OSMENA	39,600	00.00%
90	LUZ YAMANE	38,500	00.00%
91	LILY S. HO	36,300	00.00%
92	ABACUS SECURITIES CORPORATION	35,200	00.00%
93	LILIAN HONG	34,000	00.00%
94	INTERNATIONAL POLYMER CORPORATION	33,000	00.00%
95	SEAFRONT RESOURCES CORP.	33,000	00.00%
96	ARTURO GUANZON	33,000	00.00%
97	LEONCIO TIU	33,000	00.00%
98	TAN LIN LAY	30,000	00.00%
99	MA. YOLANDA MALLARI	30,000	00.00%
100	RAMONCITO ARCEO	30,000	00.00%
	Total Top 100 Shareholders :	2,496,805,682	99.91%
	Total Outstanding Shares	2,498,991,753	

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 05/31/2021

Count	Name	Holdings
1	ABACUS CAPITAL INVESTMENT CORP. A/C 583002	1,000
2	ABACUS SECURITIES CORPORATION	35,200
3	IMELDA L. ACIDERA	22,000
4	RICARDO R. AGUADO	11,000
5	AH LAY OH	13,750
6	ALBERTO MENDOZA &/OR JEANIE MENDOZA	11,000
7	MA. CYNTHIA AMIGO ALCANTARA	7,700
8	EDGAR M. ALFEREZ	25,000
9	MINERVA R. ALIAZON	4,400
10	HANNAH JALECO ALLANIGUE	6,600
11	DONATO ALMEDA	1
12	RODERICK ALAIN ALVAREZ	10,000
13	ANABELLE C. ALVARO	500
14	MA. WINNINAH S. ANCHETA	5,500
15	BANING P. ANG	2,000
16	BANING P. ANG	2,000
17	MA. LUISA AQUINO	1,000
18	ROMMEL C. AQUINO	1,100
19	EVELYN ARCENAL	11,000
20	RAMONCITO ARCEO	30,000
21	CARLO ARCHES	2,200
22	GENEROSA A. ARENAS	5,500
23	MA. THERESA L. ARGUELLES	110
24	ARIEL M. CONCEJERO &/OR MA. CONSUELO G. CONCEJERO	11,000
25	ARSENIO L. LIM &/OR RUBY O. LIM	10,000
26	ARTHUR H. OSMENA &/OR JANE Y. OSMENA	330,000
27	OWEN NATHANIEL AU	200
28	RAYMOND AZCARATE	1,000
29	GERALDINE BAD-AY	1,100
30	CARINA H. BALONES	10,000
31	DAXIM-REY L. BANAGUDOS	11,000
32	MA. ROSARIO T. BARRETTO	2,200
33	BARTHOLOMEW DY BUNCIO YOUNG	10,000
34	ARSENIO BARTOLOME, III	1
35	EDUVEGES O. BATALAN	2,000
36	AIDA BELLESTEROS	2,200
37	ELENA D. BELLEZA	500
38	BENJAMIN MOMBAY &/OR ELYSIA DELA LLANA	2,200
39	VIVIEN BILBAO	1,100
40	BILLY KHU &/OR WARREN KHU	5,500
41	RAMON JAIME VILA BIROSEL	17,600
42	GARRY BOOC	10,000
43	JUN M. BORRES	3,300
44	ERLITA BUGAOAN	200
45	EXUPERTO P. CABATANA	6,600
46	BONIFACIO M. CABATIT	2,000
47	LUZVIMINDA E CABIBIJAN	1,100
48	LORENA R. CABUGAWAN	333
49	PRIMITIVO C. CAL	55,000
50	FE CALDERON	200
51	ELEANOR P. CALIMAG	3,300

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 05/31/2021

Count	Name	Holdings
52	CLEOFE D.V. CANETE	6,600
53	ADELAIDA ZITA R. CARLOS	4,400
54	CARMENCITA MIRANDA &/OR DONNA DEL ROSARIO	5,500
55	JENNIFER CASAS	1,100
56	JOHN PETER CHICK B. CASTELO	1,100
57	CATHAY SEC. CO., INC. A/C# 1684	1,100
58	CATHAY SEC. CO., INC. A/C# 1030	100,000
59	RAY CELIS	2,200
60	CLARO CENIZA	2,200
61	AMELIA CERVANTES	2,200
62	ELVIN CHAN	16,500
63	VICKY L. CHAN	55,000
64	CHARTERED COMMODITIES CORPORATION	294,999
65	CHEAH TUCK	11,000
66	CHESA HOLDINGS, INC.	100,000
67	CARLOS CHING	500
68	CHIOTI HSU	22,000
69	FRANCIS S. CHOA	20,000
70	DEWEY CHOACHUY, JR	111,300
71	CHONG PENG YNG	100,000
72	WILLIAM N. CHUA CO KIONG	7,700
73	BELINDA CHUA	5,500
74	JULIE YAP CHUA	1,000
75	LUIS W. CHUA	5,500
76	YAN TO A. CHUA	132,000
77	MA. REGINA CLIMACO	5,500
78	BEDY DU CO	1,100
79	NELIA CO	20,000
80	ALFREDO COLLADO	900
81	KATHLEEN COPON	16,500
82	ROGER CORRO	2,300
83	FRANKLIN M. COSTALES	10,000
84	BENSON COYUCO	605,000
85	CARMELITA P. CRUEL	8,800
86	ARISTEO R. CRUZ	1,000
87	FELIPE A CRUZ, JR.	1,100,000
88	MA. TERESA P. CRUZ	55,000
89	MARIA CONCEPCION CRUZ	876,000
90	RODOLFO L. CRUZ	100
91	ANITA T. DAVID	11,000
92	ANGELES MORALES DE LEON	4,400
93	ROLANDO D. DE LEON	66,000
94	ROY A. DE LOS REYES	11,000
95	TERESITA I. DE LOS SANTOS	5,500
96	AUGURIO P. DE VERA	2,000
97	CYNTHIA ROXAS DEL CASTILLO	1,100
98	ELMER DELA CRUZ	2,200
99	JOSEFINA DINSAY	16,500
100	PEDRO DOMINGO	12,100
101	NARISA BERLIN R. DURAN	2,200
102	CAROLINE DY	1,100

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 05/31/2021

Count	Name	Holdings
103	MANUEL DY	11,000
104	GARY GO DYCHIAO	200,000
105	E.N. MADRAZO CORPORATION	7,700
106	EAST ASIA OIL & MINING COMPANY, INC.	40,000
107	EBC SECURITIES CORPORATION	48,400
108	EDGARDO YAMBAO &/OR MARIA ISABEL YAMBAO	11,000
109	EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO	55,000
110	EDNA T. ROGANDO &/OR ESTER T. JUCO	2,200
111	LUCENA B. ENRIQUEZ	552,000
112	LEONARDO ERMITA	2,200
113	MA. ISABEL H. ERMITA	8,800
114	ERVERT AVANZADO &/OR LIAZLE AVANZADO	2,000
115	ERIBERTO E. ESTEBAN	5,500
116	FATIMA A. FARRALES	8,800
117	ARISTEO O. FERAREN, JR	17,600
118	ERIC FILAMOR	1
119	FLORENTINO A. GONZALEZ, JR. &/OR LOURDJEAN T. GONZALEZ	2,200
120	FORUM HOLDINGS CORPORATION	20,626,000
121	RENATO C. FRANCISCO	100
122	MA. ROSARIO FRANCO	3,300
123	FREYSSINET PHILIPPINES, INC.	770,000
124	JOCELYN FULACHE	6,600
125	G & L SECURITIES CO., INC.	10,000
126	GRACE M. GALANG	1,100
127	EUGENE GALICIA	3,300
128	MA. LEYLANI V. GAMBOA	2,500
129	ROGELIO GANZON	2,500
130	IMELDA GAPASIN	100
131	MARIA A. GARCIA	8,000
132	GRACIANO AUDWIN T. GARZON	5,000
133	DEE HUA T. GATCHALIAN	350,000
134	KENNETH T. GATCHALIAN	30,000,100
135	REXLON GATCHALIAN	14,740,000
136	REXLON T. GATCHALIAN	30,000,000
137	WESLIE T. GATCHALIAN	30,000,000
138	GUILLERMO F. GILI, JR	20,000
139	MARVIN J. GIROUARD	330,000
140	ANA L. GO	300,000
141	DOMINGO C GO	275,000
142	RUBY PING GO	20,000
143	EDMUNDO Z. GREGORIO	2,000
144	PATRICK C. GREGORIO	1
145	ARTURO GUANZON	33,000
146	MARLENE S. GUEVARA	11,000
147	GUIDO VILLANUEVA &/OR AMELIA VILLANUEVA	1,000
148	GUILD SECURITIES, INC.	1,100
149	GLORIA GUINTU	2,000
150	ROZANA C. GUTIERREZ	6,600
151	SARAH SAN JOSE HAIN	3,300
152	JOSEPH EDWARD HANNEN	2,200
153	HANSON G. SO &/OR LARCY MARICHI Y. SO	100,000

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 05/31/2021

Count	Name	Holdings
154	BRENDA SOLIDUM HERNANDEZ	3,300
155	LILY S. HO	36,300
156	LILIAN HONG	34,000
157	HSBC SECURITIES (PHILIPPINES), INC.	5,000
158	HUNG CHUEN FEI	11,000
159	I.B. GIMENEZ SEC., INC. A/C DPA-003	2,000
160	ROYC CECIL D. IBAY	11,000
161	LUCILA D. ICBAN	2,200
162	INTERNATIONAL POLYMER CORPORATION	33,000
163	JOSE RENE ITURRALDE	200
164	JAY JACOBS	39,600
165	JAMES O. NG &/OR ELSIE Y. NG	10,000
166	ERIC JAO	16,500
167	JESUS ROBERTO SAENZ &/OR AURORA E.	3,300
168	JORGE P. LONTOC OR PACITA L. LONTOC	4,000
169	JOSE YAP &/OR CONCHITA YAP	330,000
170	AURELIO P. JR	13,200
171	RAPHAEL T. JUAN	7,700
172	KATHERINE LIM &/OR MARSHA LIM	11,000
173	KENSTAR INDUSTRIAL CORPORATION	110,000
174	KERRY SECURITIES (PHILS.), INC. -GJ01	4,400
175	JIM HO KHE BIN	20,000
176	BILLY GO KHU	5,500
177	CONSUELO DY KHU	11,000
178	CARMELITA KONG KIAT	16,500
179	PHILIP KIONG	11,000
180	ROBERT KLING	39,600
181	MUI SIN KOH-SEAH	4,400
182	CONSUELO C. KON	5,500
183	ROGELIO G. KWAN	622
184	L.M. GARCIA & ASS., INC. A/C# 160	55,000
185	LOLITA LABACLADO	5,500
186	ALEXANDRIA M. LACSON	5,500
187	LESLIE A. LAVA	6,600
188	RICARDO P. LAZARO	11,000
189	RODOLFO B. LEDESMA	30,000
190	ALEXANDER C. LEE	20,000
191	YVETTE LEE	27,500
192	LEONG JEE VAN	55,000
193	RICHARD ANTHONY Y. LIBORO	200
194	LIM TAY	55,000
195	BETO Y. LIM	150,000
196	CARRIE LIM	100,000
197	CELY S. LIM	112,200
198	EMILY LIM	500,000
199	GIOVANNI JOSEF B. LIM	10,000
200	JAY DEXTER A. LIM	16,200
201	JOCELYN O. LIM	2,200
202	KIRBY YU LIM	55,000
203	MONINA GRACE S. LIM	13,200
204	REBECCA TAN LIM	1,100

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 05/31/2021

Count	Name	Holdings
205	ROLANDO M. LIM	1,142,500
206	JUANITA LIMCHAYSENG	600
207	ROMEO S. LINDAIN	1,100
208	LIPPO SECURITIES, INC. FAO: SHEN KUO HSU	8,000
209	LIPPO SECURITIES, INC.	56,500
210	KAROLYN LIU	5,500
211	ARMANDO S. LLARINAS	1,100
212	CHRISTOPHER D. LO	3,300
213	ADRIAN LONG	39,600
214	ARTHUR LOPEZ	1
215	JUAN ANTONIO LOPEZ	3,300
216	JOSEFA T. LUA	11,000
217	MAXIMO V. LUCAS	8,800
218	MATEO H. LUGA	16,500
219	VILMA LUMANOG	2,200
220	LUKE MACABABBAD	3,300
221	MARIO T. MACADAEG	300
222	RENATO B. MAGADIA	200
223	RENO I. MAGADIA	10,000
224	MILAGROS ONG MAGAT	1,000
225	BENJAMIN G. MAGBANUA	1,100
226	GRACE MAGNAYE	16,500
227	GRACE MAGNAYE	5,500
228	LEVI Q. MAGNAYE	2,200
229	MA. YOLANDA MALLARI	30,000
230	MELVIN M. MANALO	2,200
231	EMILIA MANANON	1,100
232	MANUEL H. OSMENA &/OR GRELINA L. OSMENA	100,000
233	MANUEL H. OSMENA &/OR MANUEL L. OSMENA II	1,400,000
234	JESUS B. MARAMARA	2,700
235	MA. MADONNA M. MEDENILLA	5,000
236	RUBEN MEDRANO	100
237	CATALINA ROXAS MELENDRES	6,246,000
238	ROCHELLE V. MENDOZA	200
239	ELIZABETH MERCADO	11,000
240	LAMBERTO B. MERCADO, JR	100
241	MERIDIAN SEC., INC. A/C# 844	200,000
242	METRO ALLIANCE HOLDINGS & EQUITIES, INC.	14,370,000
243	MANUEL S. MILAN	4,400
244	MIZPAH HOLDINGS, INC.	100,000
245	ALBERTO MOGUEL	1,200
246	CONSUELO A. MOPAS	22,000
247	MUI SIN KOH-SEAH &/OR DENNIS CHEE CHIANG SEAH	3,300
248	CRISTINO NAGUIAT, JR.	181,500
249	NG GHIM HWA	4,000
250	LAWRENCE C. NG	10,000
251	BELINDA NGO	5,500
252	NATIVIDAD C. NGUI	4,400
253	VIDA MARIE E. NISPEROS	1,100
254	NOBLE ARCH REALTY AND CONSTRUCTION CORP.	10,000
255	MARCELO S. NUGUID	22,000

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 05/31/2021

Count	Name	Holdings
256	CARMELO OBCEMEA	10,000
257	TERESITO P. OCAMPO	2,000
258	VENUS DE OCAMPO	20,000
259	OCBC SECURITIES PHILS., INC.	40,000
260	OMAR C. POLINTAN &/OR MELITA POLINTAN	1,100
261	ONG YU LING	27,500
262	CARMEN ONG	11,000
263	JIMMY G. ONG	4,400
264	STEVEN M. ONG	6,600
265	VICKY ONG	22,000
266	JUANA ONGKA	5,500
267	REMEDIOS S. ORBETA	14,300
268	ORION-SQUIRE CAPITAL, INC. - 0267	200
269	VIRGIE R. ORTEGA	5,500
270	SERGIO R. ORTIZ-LUIS, JR	110
271	CONSUELO G. OSI	2,200
272	DAVID LAO OSMENA	314,600
273	DAVID LAO OSMENA	275,000
274	GLADYS MAY L. OSMENA	39,600
275	HARVEY OSMENA	11,000
276	MANUEL L. OSMENA, II	39,600
277	MANILYNN L. OSMENA	39,600
278	MEGHANN GAIL L. OSMENA	39,600
279	ANTONIO MAPUA OSTREA	5,500
280	VENUS PACIA	11,000
281	PACIFIC CONCORDE CORPORATION	100,000
282	PACIFIC IMAGES, INC.	100,000
283	PACIFIC REHOUSE CORPORATION	100,000
284	PACIFIC WIDE REALTY DEVELOPMENT CORP.	100,000
285	MA. TERESITA M. PALO	4,400
286	GAUDENCIO H. PANALIGAN	11,000
287	VICENTE LIM PANG	1,000
288	PANTALEON NIEVA &/OR ANGELITA NIEVA	3,300
289	ROSE LUZELLE PAPA	200
290	LYDIA C. PASCUA	1,100
291	SANDRA E. PASCUAL	50,000
292	CIRILO E. PASUCAL	11,000
293	PATRICIA MIADO &/OR MARIO ANGEL MIADO	3,300
294	PCD NOMINEE CORP. (FILIPINO)	1,140,757,973
295	PCD NOMINEE CORP. (NON-FILIPINO)	39,856,201
296	MA. THERESA C. PE	11,000
297	ARACELI P. PENAS	1,100
298	PAUL PESTANO	3,300
299	PHILIP NG CLARIN & EVELYN NG LEE	22,000
300	PIERCE INTERLINK SECURITIES, INC.	150,000
301	ELENETTE C. PINGUL	3,300
302	MABEL POBLETE	1,100
303	ARTHUR R. PONSARAN	110
304	AMANDO J. PONSARAN, JR	16,500
305	PORFIRIO G. MACARAEG &/OR MICHAEL MACARAEG	1,100
306	CHARLES M. PRATT	5,500

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 05/31/2021

Count	Name	Holdings
307	IMELDA M. PRECION	5,000
308	PRIMARY STRUCTURES CORPORATION	16,212,500
309	PUBLIC SEC. CORP.	800
310	DEREK PUERTOLLANO	5,500
311	WINSTON P. PUNZALAN	1,500
312	QUALITY INVESTMENTS & SECURITIES CORP.	22,000
313	JAIME R. QUIJANO	3,300
314	MAHALIA C. QUINONES	5,000
315	NERISSA C. QUINTANA	11,000
316	RICARDA B. QUIROS	22,000
317	R. COYIUTO SECURITIES, INC.	11,000
318	MELITA G. RAGAS	2,200
319	RCBC T/A# 33-398-0	300
320	REGINA CAPITAL DEVT., CORP. A/C#1845	20,000
321	JOHN PATRICK REGNER	2,200
322	BEVERLY G. REJANTE	1,100
323	RENATO C. ALARCON &/OR VIRGINIA M. ALARCON	5,500
324	RENATO C. GENDRANO &/OR GENDRANO BERNADETTE	55,000
325	REXLON INDUSTRIAL CORPORATION	17,000
326	DAISY S.A REYES	1,100
327	FIDELINA B. REYES	1,000
328	JUANA M. REYES	7,700
329	DOMINADOR A. REYNO	500
330	ILDEFONSO REYNOSO, II	8,800
331	SALVADOR T. RIGOR, JR	7,700
332	CARLOS BENEDICT K. RIVILLA, IV	110
333	ROBERTO ABELLO &/OR MA. ANTONIA ABELLO	5,500
334	BING ROJO	6,700
335	ROLANDO I. LOMBOY &/OR MILAGROS R.LOMBOY	10,000
336	NORA ROSS	200
337	LETICIA ROXAS	1,100
338	RUBEN BALBASTRO &/OR ROSARIO TORRES	5,500
339	RODOLFO V. SAEZ	1,000
340	ERNESTO R. SALAS, JR	22,000
341	DONNIE SALVADOR	600
342	MA. TERESA T. SAN AGUSTIN	3,300
343	FRANCISCO C. SAN DIEGO	50,000
344	AURORA V. SAN JOSE	143,000
345	EPIFANIA G. SANTOS	2,750
346	FLORENCIO SANTOS	2,000
347	ROLANDO S. SANTOS, JR	2,200
348	SAPPHIRE SECURITIES, INC.	4,000
349	SEAFRONT RESOURCES CORP.	33,000
350	SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO	297,000
351	SHAREHOLDERS` ASSOCIATION OF THE PHILIPPINES, INC.	1,000
352	PROSERFINA SIGUENZA	6,600
353	SILVER GREEN INVESTMENTS LTD.	230,000
354	SIMEON SAMSON &/OR CHARLIE RAVALO	5,000
355	GLENN ANTHONY O. SOCO	16,500
356	PABLO SON KENG PO	22,000
357	DELFIN R. SUPAPO, JR	27,500

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 05/31/2021

Count	Name	Holdings
358	LYDIA J. SY	55,000
359	MICHELLE T. SY	2,200
360	RONALD SY	600
361	LEOPOLDO SY-QUIA, JR	5,000
362	IBURI TADAFUMI	13,750
363	SEIICHIRO TAKAHASHI	11,000
364	TAN DAISY TIENG	46,500
365	TAN LIN LAY	30,000
366	CARLOS S. TAN	11,000
367	DOUGLAS TAN	1,100
368	EDWARD W. TAN	3,300
369	FATIMA L. TAN	1,100
370	LINDA TAN	5,500
371	MIRABEL TAN	1,100
372	RAYMOND G. TAN	1,100
373	ROSIE TAN	2,300
374	SUZETTE TAN	1,100
375	LOLITA TANSENGCO	1,100
376	STELLA TANSENGCO-SCHAPERO	1,200
377	MACARIO TE	1
378	REYNALDO NAVARRA TECECHIAN	1,000
379	TEE LING KIAT &/OR LEE LIN HO	200
380	FRUTO M. TEODORICO, JR	55,000
381	TERESITA GO &/OR SATURNINA GO	87,000
382	THE WELLEX GROUP, INC.	1,128,466,800
383	RUFINO B. TIANGCO	8,800
384	MERLINDO R. TINAPAY	2,200
385	ELVIRA A. TING	10,000,009
386	ROBERT C. TING	22,000
387	RUBY TING	2,200
388	RAMON A. TINIO	25,000
389	WILLIE TIO	159,500
390	IRMINIA A. TIPGOS	1,100
391	LEONCIO TIU	33,000
392	LUISIANA DELOS SANTOS TONDO	1,100
393	RAYMOND TONG	23,300
394	RUBEN D. TORRES	1,000
395	TRITON SECURITIES CORPORATION	20,000
396	TOMAS F. TUASON, IV	110
397	ELIZABETH TUBALE	1,100
398	TYBALT INVESTMENT LTD.	10,000
399	ALVIN TAN UNJO	88,000
400	UY TIAK ENG	50,000
401	PHILIP L. UY	11,000
402	ROBERTO S. UY	5,500
403	ROBERTO L. UY	50,000
404	ZITA O. UY-TIOCO	2,200
405	AGAPITO R. VALENCIA	6,600
406	JESUS SAN LUIS VALENCIA	1,000
407	FEDELIZA R. VARGAS	1,100
408	SALUD VELORIA	6,600

Stock Transfer Service Inc.

WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 05/31/2021

Count	Name	Holdings
409	ANTONIO VERZOSA	2,200
410	BENEDICTO V. VIARDO	2,200
411	MA. SALOME VILLASIS	1,000
412	RIZA C. VILLEGAS	110
413	ROBERTO C. VILLEGAS	4,000
414	WANG YU HUEI	110,000
415	WATERFRONT NOMINEES SDN BHD A/C#6	107,800
416	WATERFRONT NOMINEES SDN BHD A/C#9	20,900
417	WEALTH SECURITIES, INC.	5,500
418	JOHN CRHISTOPHER D. WEIGEL	110,000
419	HELEN F. WILLIMANN	5,000
420	WILSON CHUA &/OR BECKY QUE CHUA	110,000
421	STEVE WOODWARD	39,600
422	LUZ YAMANE	38,500
423	JEFFERSON Y. YAO	11,000
424	YEOH CHEAW TAU	1,100
425	CHARISSA YLAYA	8,800
426	CATHERINE LAO YOUNG	19,800
427	GEORGE U. YOUNG, JR	82,500
428	YU PEK KIAN	11,000
429	YU SIOK HUI	22,000
430	CECILIA CO YU	4,000
431	JOHN BENEDICT O. YU	10,000
432	NEIL JOHN A. YU	50,000
433	JOCELYN L. ZARATE	4,000
434	EUFEMIA ZULUAGA	7,700
	Total Stockholders :	2,498,991,753

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	4	-	0	0	8	6	7	8

COMPANY NAME

WATERFRONT PHILIPPINES,
INCORPORATED AND SUBSIDIARIES

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S 2 0		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Elvira A. Ting		(02) 687-0888	

CONTACT PERSON's ADDRESS

No. 1 Waterfront Drive, Off Salinas Drive, Lahug

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

With Independent Auditors’ Report

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

Opinion

We have audited the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of profit or loss and other comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2020, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Continuing Impact of Coronavirus Disease 2019 (COVID-19) Pandemic

We draw attention to Note 28 to the consolidated financial statements which describes the continuing impact and consequences of COVID-19 on the Group and the environment it operates. In this note, the Group indicates that uncertainties remain, and the pandemic will significantly impact its operations subsequent to December 31, 2020. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The note also discloses the measures the Group has taken and other measures it plans to implement to mitigate the negative effects of COVID-19. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition
(P1.05 billion, see consolidated statement of profit or loss and other comprehensive income (loss) and Notes 23 and 24 to the consolidated financial statements)

The risk
Market expectations and profit based targets may place pressure on management to distort revenue recognition. Although the Group’s revenue transactions are noncomplex and no significant judgment is applied over the amount recorded, we however considered the potential for management override to achieve revenue targets.

Our response
As part of our audit procedures, we evaluated and tested the internal controls over the completeness, existence and accuracy of revenue recognized in the consolidated financial statements. We performed analytical procedures, cutoff testing to ensure whether transactions occurring near yearend were recorded in the proper period and journal entries testing around revenue to identify any unusual or irregular items posted. We assessed whether the Group’s revenue recognition policies are in accordance with PFRSs.

Valuation of Land
(P3.30 billion, see consolidated statement of financial position and Note 9 to the consolidated financial statements)

The risk
The Group’s land is carried at revalued amounts. Although the Group engaged a Philippine Securities and Exchange Commission accredited independent external appraisers to perform the valuation, the model applied to determine the value of land is complex and sensitive to assumptions. Accordingly, we placed significant focus during the audit on the valuation adjustments because the amounts involved are material and significant judgments were involved in assessing the fair value of the land.

Our response
As part of our audit procedures, we assessed the appropriateness of the valuation method applied and the assumptions used in determining the fair values as reported by the independent external appraisers and considered whether these were in accordance with PFRSs and generally accepted business practices. We also performed an evaluation of the competence, independence and integrity of the external appraisers. Lastly, we assessed the adequacy of the Group's disclosures of land under property and equipment account to determine whether they met the disclosure requirements of relevant accounting standards.

Capitalization of Costs on Construction
(P576.52 million, see consolidated statement of financial position and Note 9 to the consolidated financial statements)

The risk
The subsidiary has incurred significant costs in relation to the reconstruction and restoration project of its hotel property. Costs amounting to P576.52 million have been capitalized as construction-in-progress under property and equipment as at December 31, 2020. We focus on this area because there is a risk that costs are not appropriately capitalized in accordance with the relevant accounting standards, including the requirement to only capitalize overheads and other charges which are directly attributable to the construction activities.

Our response
As part of our audit procedures, we obtained the certified progress report from the subsidiary's engineering department and vouched on a sampling basis capitalized costs to supporting documents such as progress billings from contractors. We also evaluated the design and implementation of management controls to address the risk of inappropriate capitalization of costs. We also considered the adequacy of the subsidiary's disclosures and determined whether they met the disclosure requirements of relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Tireso Randy F. Lapidez.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT 8533905
Issued January 4, 2021 at Makati City

May 31, 2021
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group) as at and for the year ended December 31, 2020, included in this Form 17-A, on which we have rendered our report thereon dated May 31, 2021.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards and may not be comparable to similarly titled measures presented by other companies.

The above schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Group's consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the year ended December 31, 2020 and no material exceptions were noted.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group) as at and for the year ended December 31, 2020, included in this Form 17-A, on which we have rendered our report thereon dated May 31, 2021.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

1. Map of Conglomerate *(Annex A)*
2. Supplementary Schedules of Annex 68-J *(Annex B)*

The above supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Group's consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

Tireso Randy F. Lapidez

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
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Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT 8533905
Issued January 4, 2021 at Makati City

May 31, 2021
Makati City, Metro Manila

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2020**	2019 (As restated - Note 27)
ASSETS			
Current Assets			
Cash and cash equivalents	*4, 21*	**P1,178,166,307**	P676,757,294
Receivables - net	*5, 21*	**530,644,331**	667,548,558
Notes receivable	*8, 21*	**223,366,443**	235,728,850
Due from related parties - current portion	*8, 21*	**2,258,300,814**	2,309,710,052
Inventories	*6*	**22,701,161**	30,442,158
Prepaid expenses and other current assets	*7, 21*	**210,536,585**	204,551,794
Total Current Assets		**4,423,715,641**	4,124,738,706
Noncurrent Assets			
Equity securities - at fair value through other comprehensive income	*8, 21*	**69,735,540**	30,327,920
Due from related parties - noncurrent portion	*8, 21*	**998,645,371**	1,130,375,000
Property and equipment - net	*9*	**8,533,226,271**	6,714,183,773
Right-of-use assets - net	*24*	**125,620,765**	125,959,870
Deferred tax assets	*19*	**167,667,132**	239,295,050
Retirement benefits asset	*18*	**54,863,072**	37,102,874
Other noncurrent assets - net	*10, 21*	**869,825,125**	703,079,798
Total Noncurrent Assets		**10,819,583,276**	8,980,324,285
		P15,243,298,917	P13,105,062,991
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*11, 21*	**P1,938,290,666**	P2,135,561,140
Loans payable - current portion	*13, 21, 26*	**627,659,575**	650,000,000
Due to a related party	*8, 21*	**3,119,367**	3,119,367
Lease liabilities - current portion	*21, 24*	**1,188,032**	85,315
Income tax payable		**65,326,208**	50,875,852
Other current liabilities	*12, 21*	**39,064,907**	43,150,416
Total Current Liabilities		**2,674,648,755**	2,882,792,090
Noncurrent Liabilities			
Loans payable - noncurrent portion	*21, 26*	**635,106,382**	890,425,532
Lease liabilities - net of current portion	*21, 24*	**129,471,801**	128,331,368
Deferred tax liabilities	*19*	**1,982,765,286**	1,455,739,047
Other noncurrent liabilities	*14, 21*	**418,943,426**	354,439,875
Total Noncurrent Liabilities		**3,166,286,895**	2,828,935,822
		5,840,935,650	5,711,727,912

Forward

		December 31	
	Note	**2020**	2019 (As restated - Note 27)
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	*16*	**P2,498,991,753**	P2,498,991,753
Additional paid-in capital		**706,364,357**	706,364,357
Revaluation surplus on property and equipment	*9*	**3,823,685,321**	2,704,177,114
Retirement benefits reserve		**126,222,421**	108,135,895
Foreign currency translation adjustment		**46,386,496**	54,703,530
Fair value reserve		**3,995,121**	2,932,577
Retained earnings		**1,113,890,733**	552,159,535
Total Equity Attributable to Equity Holders of the Parent Company		**8,319,536,202**	6,627,464,761
Noncontrolling Interests	*16*	**1,082,827,065**	765,870,318
Total Equity		**9,402,363,267**	7,393,335,079
		P15,243,298,917	P13,105,062,991

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)

		Years Ended December 31		
	Note	**2020**	2019 (As restated - Note 27)	2018
REVENUES				
Rent and related income	*23, 24*	**P579,468,626**	P567,932,177	P476,330,724
Rooms		**264,800,118**	726,772,922	704,251,906
Food and beverage		**188,896,549**	666,389,097	630,701,271
Others		**21,467,007**	35,974,882	38,628,090
		1,054,632,300	1,997,069,078	1,849,911,991
COSTS AND EXPENSES OTHER THAN DEPRECIATION AND AMORTIZATION, INTEREST, GAINS (LOSSES) AND INCOME TAX EXPENSE (BENEFIT)				
Personnel costs	*18*	**217,561,400**	280,993,867	299,570,244
Energy costs		**130,162,682**	272,627,917	306,047,619
Food and beverage	*6*	**77,803,922**	228,800,560	231,056,422
Repairs and maintenance	*6*	**24,478,212**	76,389,568	68,093,484
Rooms		**17,252,077**	40,949,630	26,485,349
Rent	*24*	**12,373,793**	33,654,331	43,677,581
Others	*17*	**238,022,662**	446,519,261	415,539,675
		717,654,748	1,379,935,134	1,390,470,374
INCOME BEFORE DEPRECIATION AND AMORTIZATION, INTEREST, GAINS (LOSSES) AND INCOME TAX EXPENSE (BENEFIT)		**336,977,552**	617,133,944	459,441,617
DEPRECIATION AND AMORTIZATION, INTEREST AND GAINS (LOSSES)				
Gain from insurance claims (casualty losses) - net	*1, 5*	**854,519,803**	234,090,174	(410,172,382)
Interest income	*4, 8, 23*	**130,289,367**	285,333,982	98,420,887
Foreign exchange gains (losses) - net		**10,671,294**	(5,914,510)	2,844,716
Impairment losses	*5, 8, 10*	**(19,499,721)**	(73,356,032)	(4,942,908)
Interest expense	*13, 23, 24, 26*	**(169,380,068)**	(200,945,037)	(161,702,483)
Depreciation and amortization	*9, 24*	**(336,514,813)**	(233,848,916)	(264,684,158)
Others - net		**-**	6,825,371	11,091,784
		470,085,862	12,185,032	(729,144,544)
INCOME (LOSS) BEFORE INCOME TAX EXPENSE (BENEFIT)		**807,063,414**	629,318,976	(269,702,927)
INCOME TAX EXPENSE (BENEFIT)	*19*	**123,597,065**	158,330,614	(157,773,765)
NET INCOME (LOSS)		**683,466,349**	470,988,362	(111,929,162)

Forward

		Years Ended December 31		
	Note	**2020**	2019 (As restated - Note 27)	2018
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will never be reclassified to profit or loss				
Remeasurement gains on defined benefit plan	*18*	**P27,184,080**	P12,913,568	P44,879,613
Unrealized gains (losses) on equity securities at fair value through other comprehensive income	*8, 21*	**1,907,620**	(3,901,950)	5,462,730
Appraisal increase on property and equipment	*9*	**1,875,632,000**	1,389,405,337	-
Deferred tax effect	*19*	**(570,844,827)**	(420,695,671)	(13,463,885)
		1,333,878,873	977,721,284	36,878,458
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations		**(8,317,034)**	7,699,252	(5,537,722)
		1,325,561,839	985,420,536	31,340,736
TOTAL COMPREHENSIVE INCOME (LOSS)		**P2,009,028,188**	P1,456,408,898	(P80,588,426)
Net income (loss) attributable to:				
Equity holders of the Parent Company		**P394,555,853**	P439,574,045	P42,019,520
Noncontrolling interests	*16*	**288,910,496**	31,414,317	(153,948,682)
		P683,466,349	P470,988,362	(P111,929,162)
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		**P1,692,071,441**	P1,419,593,553	P57,737,940
Noncontrolling interests	*16*	**316,956,747**	36,815,345	(138,326,366)
		P2,009,028,188	P1,456,408,898	(P80,588,426)
EARNINGS PER SHARE - Basic and Diluted	*20*	**P0.158**	P0.176	P0.017

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 16)	**Additional Paid-in Capital**	**Revaluation Surplus on Property and Equipment**	**Retirement Benefits Reserve**	**Foreign Currency Translation Adjustment**	**Fair Value Reserve**	**Retained Earnings**	**Total**	**Non-controlling Interests** (Note 16)	**Total Equity**
As at January 1, 2020, as restated	**P2,498,991,753**	**P706,364,357**	**P2,704,177,114**	**P108,135,895**	**P54,703,530**	**P2,932,577**	**P552,159,535**	**P6,627,464,761**	**P765,870,318**	**P7,393,335,079**
Total Comprehensive Income for the Year										
Net income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**394,555,853**	**394,555,853**	**288,910,496**	**683,466,349**
Other comprehensive income - net of tax effect	**-**	**-**	**1,286,683,552**	**18,086,526**	**(8,317,034)**	**1,062,544**	**-**	**1,297,515,588**	**28,046,251**	**1,325,561,839**
	-	**-**	**1,286,683,552**	**18,086,526**	**(8,317,034)**	**1,062,544**	**394,555,853**	**1,692,071,441**	**316,956,747**	**2,009,028,188**
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	**-**	**-**	**(167,175,345)**	**-**	**-**	**-**	**167,175,345**	**-**	**-**	**-**
As at December 31, 2020	**P2,498,991,753**	**P706,364,357**	**P3,823,685,321**	**P126,222,421**	**P46,386,496**	**P3,995,121**	**P1,113,890,733**	**P8,319,536,202**	**P1,082,827,065**	**P9,402,363,267**

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Retained Earnings	Total	Non-controlling Interests (Note 16)	Total Equity
As at January 1, 2019	P2,498,991,753	P706,364,357	P1,834,710,345	P101,908,860	P47,004,278	P5,105,963	P13,785,652	P5,207,871,208	P729,054,973	P5,936,926,181
Total Comprehensive Income for the Year										
Net income for the year, as previously reported	-	-	-	-	-	-	402,990,162	402,990,162	31,414,317	434,404,479
Impact of restatements (Note 27)	-	-	-	-	-	-	36,583,883	36,583,883	-	36,583,883
Net income for the year, as restated	-	-	-	-	-	-	439,574,045	439,574,045	31,414,317	470,988,362
Other comprehensive income - net of tax effect	-	-	968,266,607	6,227,035	7,699,252	(2,173,386)	-	980,019,508	5,401,028	985,420,536
	-	-	968,266,607	6,227,035	7,699,252	(2,173,386)	439,574,045	1,419,593,553	36,815,345	1,456,408,898
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(98,799,838)	-	-	-	98,799,838	-	-	-
As at December 31, 2019, as restated	P2,498,991,753	P706,364,357	P2,704,177,114	P108,135,895	P54,703,530	P2,932,577	P552,159,535	P6,627,464,761	P765,870,318	P7,393,335,079

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Retained Earnings (Accumulated Deficit)	Total	Non-controlling Interests (Note 16)	Total Equity
As at January 1, 2018	P2,498,991,753	P706,364,357	P2,211,108,991	P83,695,458	P52,542,000	P2,063,223	(P404,632,514)	P5,150,133,268	P867,381,339	P6,017,514,607
Total Comprehensive Loss for the Year										
Net loss for the year	-	-	-	-	-	-	42,019,520	42,019,520	(153,948,682)	(111,929,162)
Other comprehensive income - net of tax effect	-	-	-	18,213,402	(5,537,722)	3,042,740	-	15,718,420	15,622,316	31,340,736
	-	-	-	18,213,402	(5,537,722)	3,042,740	42,019,520	57,737,940	(138,326,366)	(80,588,426)
Transfer of revaluation surplus absorbed through depreciation and casualty losses for the year - net of tax effect	-	-	(376,398,646)	-	-	-	376,398,646	-	-	-
As at December 31, 2018	P2,498,991,753	P706,364,357	P1,834,710,345	P101,908,860	P47,004,278	P5,105,963	P13,785,652	P5,207,871,208	P729,054,973	P5,936,926,181

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2020**	2019 (As restated - Note 27)	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax expense (benefit)		**P807,063,414**	P629,318,976	(P269,702,927)
Adjustments for:				
Depreciation and amortization	*9, 24*	**336,514,813**	233,848,916	264,684,158
Interest expense	*13, 23, 24, 26*	**169,380,068**	200,945,037	161,702,483
Impairment losses	*5, 8, 10*	**19,499,721**	73,356,032	4,942,908
Retirement benefits cost	*18*	**10,263,697**	7,551,068	19,658,475
Gain on reversal of allowance for impairment losses	*5*	**-**	-	(8,350,581)
Income due to rent concession	*24*	**(3,474,244)**	-	-
Unrealized foreign exchange (gains) losses - net		**(19,061,098)**	13,609,982	(8,382,438)
Interest income	*4, 8, 23*	**(130,289,367)**	(285,333,982)	(98,420,887)
(Gain from insurance claims) casualty losses - net	*1, 5*	**(854,519,803)**	(234,090,174)	410,172,382
		335,377,201	639,205,855	476,303,573
Changes in:				
Receivables		**134,153,525**	(329,028,656)	2,204,475
Inventories		**7,740,997**	(5,935,747)	3,824,972
Prepaid expenses and other current assets		**(5,984,791)**	(66,683,111)	(40,305,343)
Accounts payable and accrued expenses		**(266,313,750)**	440,591,352	102,955,348
Other current liabilities		**(10,669,087)**	(181,532,732)	205,584,634
		194,304,095	496,616,961	750,567,659
Interest received	*4*	**7,648,410**	12,509,353	4,015,390
Retirement benefits paid	*18*	**(839,815)**	(9,447,376)	(81,053,765)
Retirement contributions paid	*18*	**-**	(15,500,000)	(25,000,000)
Interest paid		**(87,273,039)**	(119,783,910)	(101,480,251)
Income taxes paid		**(81,337,379)**	(236,877,213)	(211,207,802)
Net cash provided by operating activities		**32,502,272**	127,517,815	335,841,231
CASH FLOWS FROM INVESTING ACTIVITIES				
Changes in:				
Due from related parties		**295,147,009**	217,082,023	(1,473,837,573)
Equity securities - at fair value through other comprehensive income		**(37,500,000)**	(12,500,000)	-
Other noncurrent assets		**(166,745,327)**	(550,737,952)	(168,220,135)
Notes receivable		**21,287,524**	28,092,436	(58,967,111)
Additions to property and equipment	*9*	**(276,293,895)**	(452,873,995)	(11,063,615)
Proceeds from insurance claims on property damage	*1*	**850,222,546**	431,250,000	300,000,000
Net cash provided by (used in) investing activities		**686,117,857**	(339,687,488)	(1,412,088,434)

Forward

		Years Ended December 31		
	Note	**2020**	2019 (As restated - Note 27)	2018
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loan availment	*26*	**P -**	P -	P1,500,000,000
Loan payments	*26*	**(277,659,575)**	(277,659,575)	(56,914,893)
Payment of lease liabilities	*24*	**(4,055,092)**	(13,940,367)	-
Change in due to a related party		**-**	3,119,367	-
Change in other noncurrent liabilities		**64,503,551**	464,765,515	(125,852)
Net cash (used in) provided by financing activities		**(217,211,116)**	176,284,940	1,442,959,255
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**501,409,013**	(35,884,733)	366,712,052
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**676,757,294**	712,642,027	345,929,975
CASH AND CASH EQUIVALENTS AT END OF YEAR	*4*	**P1,178,166,307**	P676,757,294	P712,642,027

See Notes to the Consolidated Financial Statements.

1. Reporting Entity

Waterfront Philippines, Incorporated (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994 as an investment holding company. The Parent Company is listed on the Philippine Stock Exchange (PSE) and is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines.

The details of the equity interest of the Parent Company in its subsidiaries as at December 31, 2020 and 2019 are as follows:

	Percentage of Ownership	
	Direct	**Indirect**
Hotels and Resorts		
Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI)	**100**	**-**
Waterfront Mactan Casino Hotel, Incorporated (WMCHI)	**100**	**-**
Waterfront Iloilo Hotel Inc. (WIHI)	**100**	**-**
Waterfront Puerto Princesa Hotel, Inc. (WPPHI)	**100**	**-**
Davao Insular Hotel Company, Inc. (DIHCI)	**98**	**-**
Acesite (Phils.) Hotel Corporation (Doing business under the name and style of Waterfront Manila Hotel and Casino) (APHC)	**56**	**-**
Grand Ilocandia Resort and Development, Inc. (GIRDI)	**54**	**-**
Real Estate		
Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.) (through direct ownership in APHC)	**-**	**56**
Fitness Gym		
Waterfront Wellness Group, Inc. (WWGI)	**100**	**-**
International Marketing and Promotion of Casinos		
Waterfront Promotion Limited (WPL)	**100**	**-**
Mayo Bonanza, Inc. (MBI)	**100**	**-**
Club Waterfront International Limited (CWIL) (through direct ownership in WPL)	**-**	**100**
Pastries Manufacturing		
Waterfront Food Concepts, Inc. (WFC)	**100**	**-**
Hotel Management and Operation		
Waterfront Hotel Management Corp. (WHMC)	**100**	**-**
Waterfront Entertainment Corporation (WEC)	**100**	**-**
Investment Holding Company		
Waterfront Cebu Ventures, Inc. (WCVI)	**100**	**-**

All of the above subsidiaries were incorporated and registered in the Philippines except for WPL and its subsidiary, CWIL, which were registered in the Cayman Islands.

Management decided to temporarily cease the operations of MBI, WHMC, WPL, CWIL and GIRDI in 2016, 2014, 2003, 2001 and 2000, respectively, due to unfavorable economic conditions.

The registered office of the Parent Company is at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City, Philippines.

Status of APHC Operation

On March 18, 2018, a fire broke out in APHC's hotel property that damaged the podium and main hotel that resulted to the suspension of its operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire was declared and classified as "accidental in nature". APHC incurred casualty losses due to damages on its inventories and hotel property (see Notes 6 and 9). APHC filed for property damage and business insurance claims from its insurance companies and the insurance claims were finalized in 2020 amounting to P1.72 billion. As at December 31, 2020, total amounts received from the insurance companies amounted to P1.58 billion. As at December 31, 2020 and 2019, APHC recognized gains on insurance claims amounting to P854.52 million and P234.09 million, respectively, of which P850.22 million and P431.25 million were received in 2020 and 2019, respectively. The remainder amounting to P136.21 million relates to the portion of the claims that is still receivable from an insurance company (see Note 5).

In 2018, APHC has started the reconstruction and restoration of the podium and main hotel which are still ongoing as at December 31, 2020. Although the various community quarantines implemented in Metro Manila have caused some delays, construction activities have not been totally stopped and management expects to complete Phase 1 of reconstruction project by end of 2021. Phase 1, which is budgeted at P1.95 billion, involves the primary restoration and general construction work of the podium and main hotel. A soft opening of the podium, which houses the public areas including the lobby, some food and beverage outlets and the casino area at the ground floor level up to the third floor, is expected by the 1st quarter of 2022. A related party, who has a long term sublease contract with Philippine Amusement and Gaming Corporation (PAGCOR), entered into a long term lease contract with APHC for the operation of a casino. Further, the soft opening will include opening of four hotel room floors in the main hotel to accommodate casino players and local staycation guests. The entire proceeds from insurance coverage claims have been allotted to complete the Phase 1 of the reconstruction work with additional funding expected to be coming from bank borrowings to be guaranteed by an affiliate.

The amenities, guest facilities and the remaining rooms of the main hotel are expected to be completed in Phases 2 and 3 of the reconstruction project. Phase 2 is expected to be completed by the latter part of 2022 and Phase 3 is expected to be completed by early 2023. These two latter phases will be funded by the cash flows generated by the operations and, when necessary, bank borrowings.

The phased opening of APHC is based on management's assumption that the travel and hospitality sectors, which are currently depressed due to the coronavirus disease 2019 (COVID-19) pandemic, will return to pre-pandemic levels starting 2023 given that the vaccination program of the government will take until end of 2022 to roll out completely. As the hospitality industry comes to a full recovery, APHC management expects to attract a good share of the incoming tourist markets with the completion of Phases 2 and 3.

2. Basis of Preparation

Basis of Accounting

These consolidated financial statements of the Parent Company and its subsidiaries, collectively herein referred to as the Group, have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). They were approved and authorized for issue by the Parent Company's board of directors (BOD) on May 31, 2021.

Details of the Group's accounting policies are included in Note 30.

The Group has early adopted the amendment to standard, *COVID-19 - related rent concessions (Amendment to PFRS 16, Leases),* issued on May 28, 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings as at January 1, 2020.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Basis
Land, land improvements, hotel buildings and improvements, furniture, fixtures and equipment, and transportation equipment	Revalued amount less accumulated depreciation and impairment losses
Financial assets at fair value through other comprehensive income (FVOCI) - equity securities	Fair value
Retirement benefits assets	Fair value of plan assets (FVPA) less the present value of the defined benefits obligation (DBO)

Functional and Presentation Currency

These consolidated financial statements are presented in Philippine peso, which is the Group's functional currency except for WPL and CWIL, the functional currency of which is the United States (U.S.) dollar. All amounts presented in Philippine peso have been rounded to the nearest peso, unless otherwise indicated.

3. Use of Judgments and Estimates

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments
Information about judgments in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Recognizing Insurance Claims
APHC recognizes gain on insurance from its damaged property and business interruption claims when it is determined that the amount to be received from the insurance recovery is virtually certain and recognition in the period is appropriate considering the following:

- There is a valid insurance policy for the incident;
- The status of APHC's discussion with the adjuster and the insurance company regarding the claim; and
- The subsequent information that confirms the status of the claim as of the reporting date.

Classifying Financial Instruments
The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreement and the definition of a financial asset, financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

Distinguishing Investment Properties and Owner-occupied Properties
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the properties but also to the other assets used in the delivery of services.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the delivery of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment properly only if an insignificant portion is held for use in the delivery of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group has classified its properties as owner-occupied (see Notes 9, 23 and 24).

Transactions with PAGCOR
The Group has significant transactions with PAGCOR. Under Presidential Decree (PD) No. 1869, otherwise known as the PAGCOR Charter, PAGCOR is exempted from payment of any form of taxes other than the 5% franchise tax imposed on the gross revenue or earnings derived by PAGCOR from its operations under the franchise. The amended Revenue Regulations (RR) No. 16-2005 which became effective in 2006, however, provides that gross receipts of PAGCOR shall be subject to the 12% value-added tax (VAT). In February 2007, the Philippine Congress amended PD No. 1869 to extend the franchise term of PAGCOR for another twenty-five (25) years but did not include any revocation of PAGCOR's tax exemption privileges as previously provided for in PD No. 1869. In accounting for the Group's transactions with PAGCOR, the Group's management and its legal counsel have made a judgment that the amended PD No. 1869 prevails over the amended RR No. 16-2005 (see Note 23).

Operating Lease Commitments - Group as Lessor
The Group has leased out its commercial spaces to third parties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these commercial spaces and thus, accounts for the contracts as operating leases (see Note 24).

Determining the Lease Term of Contracts with Renewal and Termination Options - Group as Lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

The Group included the renewal period as part of the lease term for lease of its land. There is a reasonable certainty that the Group would exercise its option to renew for the lease because there will be a significant negative effect on its operation if a replacement asset is not readily available (see Note 24).

Provisions and Contingencies
The Group has received assessments from the Bureau of Internal Revenue (BIR) for deficiency taxes and is also a defendant in various legal cases which are still pending resolutions. The Group's management and legal counsels have made a judgment that the positions of the Group are sustainable and, accordingly, believe that the Group does not have a present obligation (legal or constructive) with respect to such assessments and claims (see Note 25).

Classifying Receivables from Related Parties
The Group exercises judgment in classifying the receivables from related parties as under current assets or noncurrent assets based on the expected realization of the receivables. The Group takes into account the credit rating and other financial information about the related parties to assess their ability to settle the Group's outstanding receivables. Related party receivables that are expected to be realized within twelve (12) months after the reporting period or within the Group's normal operating cycle are considered current assets (see Note 8 and 21).

Consolidation of Entities in which the Group Holds 43% and 50% Voting Rights
The Group considers that it controls WCCCHI and DIHCI even though it only owns 43% and 50% of the voting rights, respectively. This is because the Group is the single largest shareholder of WCCCHI and DIHCI with 100% and 98% equity interest, respectively. The remaining 57% and 50% of the voting rights of WCCCHI and DIHCI, respectively, is held by Philippine Bank of Communications (PBCOM) in accordance with the Omnibus Loan and Security Agreement (the Agreement) (see Note 26).

Assumptions and Estimation Uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows:

Allowance for Impairment Losses on Financial Instruments
The Group uses the expected credit loss (ECL) model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate (EIR). PFRS 9, *Financial Instruments*, requires the Group to record ECL on all of its financial instruments, either on a 12-month or lifetime basis. The Group applied the simplified approach to receivables from third parties and its related parties and recorded the lifetime ECL. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. Lifetime ECL is calculated by multiplying the lifetime Probability of Default by Loss Given Default (LGD) and Exposure at Default (EAD). LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty. The EAD of a financial asset is its gross carrying amount at the time of default. In addition, management assessed the credit risk of the receivables as at the reporting date as low, therefore the Group did not have to assess whether a significant increase in credit risk has occurred.

Further details on the allowance for impairment losses are disclosed in Notes 5 and 8.

Fair Value Estimation
If the financial instruments are not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them.

All models are certified before they are used and are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

The specific methods and assumptions used by the Group in estimating the fair values of its financial instruments are disclosed in Note 21.

Net Realizable Value (NRV) of Inventories
The Group carries its inventories at NRV whenever such becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Estimates of NRV are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuation of prices or costs directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date. The NRV is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying value of the inventories are disclosed in Note 6.

Revaluation of Property and Equipment
The Group carries certain classes of property and equipment at fair value, with changes in fair value being recognized in other comprehensive income (OCI). The Group engaged independent valuation specialists to assess fair value. Fair value is determined with references to transactions involving properties of a similar nature, location and condition.

The key assumptions used to determine the fair value of properties are provided in Note 9.

Useful Lives of Property and Equipment
The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

The carrying amounts of property and equipment are disclosed in Note 9.

Impairment of Nonfinancial Assets
The Group's policy on estimating the impairment of nonfinancial assets is discussed in Note 30. The Group assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired or that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group believes that the carrying amounts of its nonfinancial assets approximate their recoverable amounts, except for advances to contractors. Further details on the carrying amount of nonfinancial assets are disclosed in Notes 6, 7, 9 and 10.

Retirement Benefits
The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The discount rate assumption is based on the Bankers Association of the Philippines PHP Bloomberg Valuation Reference Rates benchmark reference curve for the government securities market considering average years of remaining working life of the employees as the estimated term of the DBO.

Further details about pension obligations are provided in Note 18.

Deferred Tax Assets
Deferred tax assets are recognized for consolidated financial statement and tax differences to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Further details on deferred taxes are disclosed in Note 19.

Leases - Estimating the Incremental Borrowing Rate (IBR)
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates such as a subsidiary's stand-alone credit rating.

Further details on leases are disclosed in Note 24.

4. Cash and Cash Equivalents

This account consists of:

	Note	**2020**	2019 (As restated - Note 27)
Short-term placements	*21*	**P682,156,079**	P404,294,077
Cash in banks	*21*	**493,225,059**	269,103,048
Cash on hand		**2,785,169**	3,360,169
		P1,178,166,307	P676,757,294

Cash in banks earn interest at the respective bank deposit rates.

Short-term placements earn interest at annual average rate of 0.50% to 5.00% in 2020 with average maturities ranging from 30 to 90 days and 0.13% to 3.50% in 2019 with average maturities ranging from 30 to 35 days.

Related interest income recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P7.65 million, P12.51 million and P4.02 million in 2020, 2019 and 2018, respectively.

5. Receivables

This account consists of:

	Note	2020	2019 (As restated - Note 27)
Trade receivables		**P207,500,104**	P432,824,727
Insurance receivable	*1*	**136,210,506**	131,913,248
Advances to employees		**2,956,805**	4,512,714
Others		**226,919,229**	141,718,484
	21	**573,586,644**	710,969,173
Less allowance for impairment losses on trade receivables	*21*	**42,942,313**	43,420,615
		P530,644,331	P667,548,558

Trade receivables are noninterest-bearing and are generally on a 30-day term.

Insurance receivable pertains to insurance claims for the property damage and business interruption (see Note 1).

Others include Social Security System (SSS) benefits paid in advance by the Group to its officers and employees as well as advances to its suppliers.

In assessing the lifetime ECL of the Group's receivables, the Group excluded in its EAD all receivables that were related to long outstanding third party accounts as these were already specifically identified as uncollectible, hence, impaired. Remaining EAD pertains to receivables from related parties in which the Group deemed to have no credit risk. In 2020, 2019 and 2018, accounts specifically identified as impaired amounted to P7.05 million, P25.80 million and P4.94 million, respectively, recognized and presented as part of “Impairment losses” account in the consolidated statement of profit or loss and other comprehensive income (loss) while no amount of ECL was recognized.

The Group also received collections on some long outstanding accounts in which the Group already provided an allowance for impairment in previous years. Accordingly, the Group recognized a gain on reversal of previous allowance for impairment losses in 2018 amounting to P8.35 million recognized and presented as part of “Other revenues” in the consolidated statement of profit or loss and other comprehensive income (loss).

Movements in the allowance for impairment losses on trade receivables are as follows:

	2020	2019	2018
Beginning balance	**P43,420,615**	P17,618,396	P21,583,914
Impairment losses during the year	**7,047,959**	25,802,219	4,942,908
Write-offs during the year	**(7,526,261)**	-	(557,845)
Reversal of allowance for impairment losses	**-**	-	(8,350,581)
Ending balance	**P42,942,313**	P43,420,615	P17,618,396

6. Inventories

This account consists of:

	2020	2019
Food and beverage	**P12,340,814**	P16,430,690
Operating supplies	**9,829,291**	13,493,000
Engineering and maintenance supplies	**531,056**	518,468
	P22,701,161	P30,442,158

The Group's inventories are carried at cost, which is lower than the NRV, as at December 31, 2020 and 2019.

The cost of food and beverage charged to profit or loss amounted to P77.80 million, P228.80 million and P231.06 million in 2020, 2019 and 2018, respectively, and is presented as "Food and beverage" account in the consolidated statement of profit or loss and other comprehensive income (loss).

The Group recognized expenses for operating supplies amounting to P8.83 million, P20.05 million and P19.92 million in 2020, 2019 and 2018, respectively, and are presented as "Supplies" under "Other costs and expenses" account in the consolidated statement of profit or loss and other comprehensive income (loss) (see Note 17), while the expenses for engineering and maintenance supplies amounting to P24.48 million, P76.39 million and P68.09 million in 2020, 2019 and 2018, respectively, are included under "Repairs and maintenance" account in the consolidated statement of profit or loss and other comprehensive income (loss).

In 2018, APHC recognized casualty losses for the destroyed and damaged inventories amounting to P5.59 million as presented under "Gain from insurance claims (casualty losses) - net" account in the consolidated statement of profit or loss and other comprehensive income (loss) (see Note 1).

7. Prepaid Expenses and Other Current Assets

This account consists of:

	Note	2020	2019
Input VAT		**P131,762,792**	P103,292,832
Prepaid taxes		**48,615,135**	30,750,107
Short-term investments	*21*	**12,857,824**	14,662,137
Advances to suppliers		**8,784,772**	39,872,569
Prepaid expenses		**4,845,674**	7,750,080
Others		**3,670,388**	8,224,069
		P210,536,585	P204,551,794

Others include prepayments for maintenance services, subscriptions and association dues.

8. Related Party Transactions

The Group's related party transactions include transactions with its key management personnel (KMP) and related parties in the table below:

Related Party	Relationship with the Group
TWGI	Ultimate Parent
Pacific Rehouse Corporation (PRC)	Stockholder
Crisanta Realty Development Corporation (CRDC)	Under common control
Philippine Estates Corporation (PHES)	Under common control
Forum Holdings Corporation (FHC)	Stockholder
East Asia Oil & Mining Company, Inc. (East Asia)	Stockholder
Pacific Wide Realty Development Corp. (PWRDC)	Stockholder
Westland Pacific Properties Corporation (WPPC)	Under common control
Rexlon Realty Group, Inc. (RRGI)	Under common control
Plastic City Industrial Corporation (PCIC)	Under common control
Waterfront Manila Premier Development, Inc.(WMPD)	Under common control
Wellex Industries Incorporated (WII)	Under common control
Acesite Leisure and Entertainment Corporation (ALEC)	Under common control

Significant Transactions with Related Parties

The Group’s transactions with related parties consist of (in thousands):

Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties (As restated - Note 27) Current	Due from Related Parties (As restated - Note 27) Noncurrent	Notes Receivable	Equity Securities - at FVOCI (As restated - Note 27)	Due to a Related Party	Advances to a Supplier	Advances to Subsidiaries*	Due to Subsidiaries*	Terms and Conditions
Ultimate Parent												
▪ TWGI												
Advances, interest and	**2020**	*8a*	**(P116,087)**	**P983,333**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	Secured; interest-bearing;
Settlements	2019	*8a*	(145,285)	1,099,420	-	-	-	-	-	-	-	due in one year subject to renewal
	2018	*8a*	301,331	1,244,705	-	-	-	-	-	-	-	partially impaired
Stockholders/under Common Control												
▪ PRC												
Advances, interest and	**2020**	*8a*	**10,651**	**573,919**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	Secured; interest-bearing; due in one
Settlements	2019	*8a*	10,651	563,268	-	-	-	-	-	-	-	year; subject to renewal;
	2018	*8a*	10,623	552,617	-	-	-	-	-	-	-	not impaired
Payment for purchase of	**2020**	*8a*	**150,000**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**	**-**	Unsecured; noninterest-bearing; due on
Land	2019	*8a*	-	-	-	-	-	-	-	-	-	demand; not impaired
	2018	*8a*	-	-	-	-	-	-	-	-	-	
▪ CRDC												
Advances and interest	**2020**	*8a*	**17,174**	**-**	**412,370**	**-**	**-**	**-**	**-**	**-**	**-**	Unsecured; interest-bearing; due in five
Settlements	2019	*8a*	16,798	395,196	-	-	-	-	-	-	-	years; not impaired
	2018	*8a*	15,540	22,395	356,003	-	-	-	-	-	-	
▪ WPPC												
Advances and interest	**2020**	*8a*	**22,400**	**-**	**586,275**	**-**	**-**	**-**	**-**	**-**	**-**	Unsecured; interest-bearing; due in five
	2019	*8a*	8,173	-	563,875	-	-	-	-	-	-	years; not impaired
	2018	*8a*	555,702	-	555,702	-	-	-	-	-	-	
▪ RRGI												
Advances and interest	**2020**	*8a*	**42,000**	**608,500**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	Secured; interest-bearing; due in three
	2019	*8a*	44,625	-	566,500	-	-	-	-	-	-	years; not impaired
	2018	*8a*	521,875	-	521,875	-	-	-	-	-	-	
▪ PWRDC												
Advances	**2020**	*8a, 8b*	**(160,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	Secured; noninterest-bearing; due on
	2019	*8a, 8b*	-	160,000	-	-	-	-	-	-	-	demand; not impaired
	2018	*8a, 8b*	160,000	160,000	-	-	-	-	-	-	-	
▪ PHES												
Advances	**2020**	*8b*	**-**	**92,054**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	Unsecured; noninterest-bearing; due on
	2019	*8b*	(12,500)	92,054	-	-	-	-	-	-	-	demand; not impaired
	2018	*8b*	-	104,554	-	-	-	-	-	-	-	
▪ Others												
Advances and interest	**2020**	*8b*	**723**	**60,114**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	Unsecured; noninterest-bearing; due on
	2019	*8b*	(889)	59,391	-	-	-	-	-	-	-	demand; not impaired
	2018	*8b*	1,614	60,280	-	-	-	-	-	-	-	
▪ WMPD												
Equity securities -	**2020**	*8f*	**37,500**	**-**	**-**	**-**	**50,000**	**-**	**-**	**-**	**-**	Unsecured; noninterest-bearing; due on
at FVOCI	2019	*8f*	12,500	-	-	-	12,500	-	-	-	-	demand; not impaired
	2018	*8f*	-	-	-	-	-	-	-	-	-	
▪ WII												
Equity securities -	**2020**	*8f*	**1,908**	**-**	**-**	**-**	**19,423**	**-**	**-**	**-**	**-**	Unsecured; noninterest-bearing; due on
at FVOCI	2019	*8f*	(3,902)	-	-	-	17,515	-	-	-	-	demand; not impaired
	2018	*8f*	5,462	-	-	-	21,417	-	-	-	-	
▪ ALEC												
Notes receivable	**2020**	*8g*	**(12,363)**	**-**	**-**	**223,366**	**-**	**-**	**-**	**-**	**-**	Unsecured; interest-bearing; due in
	2019	*8g*	(18,245)	-	-	235,729	-	-	-	-	-	one year; not impaired
	2018	*8g*	58,967	-	-	253,974	-	-	-	-	-	
Advances	**2020**	*8e*	**-**	**-**	**-**	**-**	**-**	**3,119**	**-**	**-**	**-**	Unsecured; noninterest-bearing; due on
	2019	*8e*	(4,464)	-	-	-	-	3,119	-	-	-	demand
	2018	*8e*	1,345	1,345	-	-	-	-	-	-	-	

**Eliminated during consolidation*

Forward

Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties (As restated - Note 27) Current	Noncurrent	Notes Receivable	Equity Securities - at FVOCI (As restated - Note 27)	Due to a Related Party	Advances to a Supplier	Advances to Subsidiaries*	Due to Subsidiaries*	Terms and Conditions
Subsidiaries												
▪ WCCCHI	**2020**	*8e*	**P65,903**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P733,572**	Unsecured; interest-bearing; due in three years
Advances and Settlements	2019	*8e*	55,206	-	-	-	-	-	-	-	799,475	
	2018	*8e*	(1,165,528)	-	-	-	-	-	-	-	854,681	
Deposits for future stock Subscription	**2020**	*8d*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	Unsecured; interest-bearing; due on demand; not impaired
	2019	*8d*	(1,000,000)	-	-	-	-	-	-	-	-	
	2018	*8d*	-	-	-	-	-	-	-	1,000,000	-	
▪ DIHCI												
Advances and Settlements	**2020**	*8e*	**(10,179)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,053**	Unsecured; noninterest-bearing; due on demand
	2019	*8e*	-	-	-	-	-	-	-	-	3,874	
	2018	*8e*	(5,620)	-	-	-	-	-	-	-	3,874	
▪ APHC												
Advances and Settlements	**2020**	*8c*	**(4,149)**	**-**	**-**	**-**	**-**	**-**	**-**	**185,690**	**-**	Unsecured; noninterest-bearing; due on demand; not impaired
	2019	*8c*	(68)	-	-	-	-	-	-	189,839	-	
	2018	*8c*	189,784	-	-	-	-	-	-	189,907	-	
▪ GIRDI												
Advances and Settlements	**2020**	*8e*	**2,369**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**199,249**	Unsecured; noninterest-bearing; due on demand
	2019	*8e*	2,275	-	-	-	-	-	-	-	201,618	
	2018	*8e*	2,003	-	-	-	-	-	-	-	203,893	
▪ WHMC												
Advances and Settlements	**2020**	*8c*	**11,503**	**-**	**-**	**-**	**-**	**-**	**-**	**98,940**	**-**	Unsecured; noninterest-bearing; due on demand; fully impaired
	2019	*8c*	-	-	-	-	-	-	-	87,437	-	
	2018	*8c*	57	-	-	-	-	-	-	87,437	-	
▪ WIHI												
Advances and Settlements	**2020**	*8c*	**322**	**-**	**-**	**-**	**-**	**-**	**-**	**322**	**-**	Unsecured; noninterest-bearing; due on demand; not impaired
	2019	*8c*	-	-	-	-	-	-	-	-	-	
	2018	*8c*	-	-	-	-	-	-	-	-	-	
Deposits for future stock Subscription	**2020**	*8d*	**125,000**	**-**	**-**	**-**	**-**	**-**	**-**	**125,000**	**-**	Unsecured; noninterest-bearing; due on demand; not impaired
	2019	*8d*	-	-	-	-	-	-	-	-	-	
	2018	*8d*	-	-	-	-	-	-	-	-	-	
▪ WPPHI												
Advances and Settlements	**2020**	*8c*	**50**	**-**	**-**	**-**	**-**	**-**	**-**	**50**	**-**	Unsecured; noninterest-bearing; due on demand; not impaired
	2019	*8c*	-	-	-	-	-	-	-	-	-	
	2018	*8c*	-	-	-	-	-	-	-	-	-	
Deposits for future stock Subscription	**2020**	*8d*	**90,620**	**-**	**-**	**-**	**-**	**-**	**-**	**90,620**	**-**	Unsecured; noninterest-bearing; due on demand; not impaired
	2019	*8d*	-	-	-	-	-	-	-	-	-	
	2018	*8d*	-	-	-	-	-	-	-	-	-	
▪ MBI												
Advances and Settlements	**2020**	*8c*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,746**	**-**	Unsecured; noninterest-bearing; due on demand; fully impaired
	2019	*8c*	-	-	-	-	-	-	-	4,746	-	
	2018	*8c*	(2,742)	-	-	-	-	-	-	4,746	-	
Deposits for future stock Subscription	**2020**	*8d*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35,000**	**-**	Unsecured; noninterest-bearing; due on demand; fully impaired
	2019	*8d*	-	-	-	-	-	-	-	35,000	-	
	2018	*8d*	-	-	-	-	-	-	-	35,000	-	
▪ WWGI												
Advances and Settlements	**2020**	*8c*	**335**	**-**	**-**	**-**	**-**	**-**	**-**	**2,061**	**-**	Unsecured; noninterest-bearing; due on demand; fully impaired
	2019	*8c*	727	-	-	-	-	-	-	1,726	-	
	2018	*8c*	187	-	-	-	-	-	-	999	-	
Deposits for future stock Subscription	**2020**	*8d*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,000**	**-**	Unsecured; noninterest-bearing; due on demand; fully impaired
	2019	*8d*	-	-	-	-	-	-	-	13,000	-	
	2018	*8d*	-	-	-	-	-	-	-	13,000	-	
▪ WMCHI												
Advances and Settlements	**2020**	*8e*	**(23,166)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**282,326**	Unsecured; noninterest-bearing; due on demand
	2019	*8e*	(537)	-	-	-	-	-	-	-	259,160	
	2018	*8e*	(43,093)	-	-	-	-	-	-	-	258,623	

**Eliminated during consolidation*

Forward

Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties (As restated - Note 27) Current	Noncurrent	Notes Receivable	Equity Securities - at FVOCI (As restated - Note 27)	Due to a Related Party	Advances to a Supplier	Advances to Subsidiaries*	Due to Subsidiaries*	Terms and Conditions
▪ WEC												
Advances and	**2019**	*8e*	**P3**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P4,002**	Unsecured; noninterest-bearing; due on
Settlements	2018	*8e*	(1,754)	-	-	-	-	-	-	-	4,005	demand
	2017	*8e*	97	-	-	-	-	-	-	-	2,251	
▪ WFC												
Advances and	**2020**	*8c*	**612**	**-**	**-**	**-**	**-**	**-**	**-**	**1,940**	**-**	Unsecured; noninterest-bearing; due on
Settlements	2019	*8c*	727	-	-	-	-	-	-	1,328	-	demand; fully impaired
	2018	*8c*	194	-	-	-	-	-	-	601	-	
Deposits for future	**2020**	*8d*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,000**	**-**	Unsecured; noninterest-bearing; due on
stock subscription	2019	*8d*	-	-	-	-	-	-	-	6,000	-	demand; fully impaired
	2018	*8d*	-	-	-	-	-	-	-	6,000	-	
▪ WPL												
Advances and	**2020**	*8e*	**128**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**194,756**	Unsecured; noninterest-bearing; due on
Settlements	2019	*8e*	-	-	-	-	-	-	-	-	194,884	demand
	2018	*8e*	115	-	-	-	-	-	-	-	194,884	
▪ WCVI												
Deposits for future	**2020**	*8d*	**100**	**-**	**-**	**-**	**-**	**-**	**-**	**100**	**-**	Unsecured; noninterest-bearing; due on
stock subscription	2019	*8d*	-	-	-	-	-	-	-	-	-	demand; not impaired
	2018	*8d*	-	-	-	-	-	-	-	-	-	
Allowance for	**2020**		**(12,452)**	**(59,619)**	**-**	**-**	**-**	**-**	**-**	**(161,689)**	**-**	
impairment losses	2019		112	(59,619)	-	-	-	-	-	(149,237)	-	
	2018		2,304	(61,185)	-	-	-	-	-	(147,783)	-	
KMP												
▪ Short-term employee	**2020**		**26,825**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Benefits	2019		36,723	-	-	-	-	-	-	-	-	
	2018		32,921	-	-	-	-	-	-	-	-	
▪ Post-employment	**2020**		**7,257**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Benefits	2019		7,940	-	-	-	-	-	-	-	-	
	2018		7,807	-	-	-	-	-	-	-	-	
TOTAL	**2020**	*21*		**P2,258,301**	**P998,645**	**P223,366**	**P69,423**	**P3,119**	**P150,000**	**P401,780**	**P1,427,958**	
TOTAL	2019	*21*		P2,309,710	P1,130,375	P235,729	P30,015	P3,119	P -	P189,839	P1,463,016	

**Eliminated during consolidation*

a. Interest-bearing Advances to Related Parties

The Group granted interest-bearing advances to TWGI, PRC, CRDC, WPPC and RRGI.

TWGI and PRC

The advances granted to TWGI and PRC were substantially used to finance the acquisition or development of real properties for the Parent Company. These advances are due in one (1) year, subject to renewal. The advances to TWGI charge interest at 4% and 6% per annum in 2020 and 2019, respectively, while the advances to PRC charge interest at 2% per annum in 2020 and 2019. TWGI paid P150.74 million and P196.10 million in 2020 and 2019, respectively, while PRC had no payments in 2020 and 2019.

In a Resolution dated February 5, 2015, the Parent Company, TWGI and PRC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI and PRC will be settled using parcels of land owned by PRC.

On April 3, 2019, the Parent Company, TWGI and PRC made amendments to the previously issued MOU for the inclusion of the new outstanding liabilities of PWRDC to the Parent Company. The amended MOU stated that PWRDC shall be a party to the said MOU, and all references to any obligation or rights that PWRDC shall have under the said MOU shall be in force. All other terms and conditions shall remain unchanged.

On January 6, 2021, the Parent Company, TWGI, PRC and PWRDC made amendments to the previously issued amended MOU to exclude PWRDC since its outstanding liability was already paid in full in 2020. All other terms and conditions shall remain unchanged.

As at December 31, 2020 and 2019, the fair value of PRC's land based on valuation performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the land being valued, amounted to P7.76 billion.

On April 11, 2018, TWGI initiated the transfer of certain parcels of land totaling to P96.87 million located in Puerto Princesa, Palawan as partial settlement of the advances. On April 11, 2019, the deed of absolute sale for the transfer of certain parcels of land was signed.

On December 9, 2019, the Group and PRC entered into a Memorandum of Agreement whereby PRC agreed to sell the Group certain parcels of land to settle the advances as indicated in the MOU. In 2020, the Group made partial payments amounting to P150.00 million for the purchase of certain parcels of land (see Note 10).

Interest receivable from TWGI amounted to P232.70 million and P200.54 million as at December 31, 2020 and 2019, respectively, while interest receivable from PRC amounted to P98.41 million and P87.75 million as at December 31, 2020 and 2019, respectively. Interest income recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P38.22 million, P53.67 million and P24.05 million in 2020, 2019 and 2018, respectively. Allowance for impairment losses on receivables from TWGI amounted to P59.62 million as at December 31, 2020 and 2019.

CRDC
On December 21, 2015, the Parent Company granted advances to CRDC with an interest of 2% and maturity on December 21, 2020. At the end of 2020, the Parent Company extended the maturity of the advances for a period of 5 years up to December 21, 2025 at an increased rate of 2.55% per annum. Interest receivable from CRDC amounted to P39.12 million and P30.76 million as at December 31, 2020 and 2019, respectively. It was agreed that CRDC has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable. Interest income recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P7.47 million in 2020, 2019 and 2018 while accretion income amounted to P8.81 million, P8.44 million and P8.08 million in 2020, 2019 and 2018, respectively.

WPPC
On June 1, 2018, the Parent Company granted advances to WPPC amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity on June 1, 2021.

On December 31, 2018, the Parent Company granted additional advances to WPPC amounting to P33.83 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity. WPPC paid nil and P33.83 million in 2020 and 2019, respectively.

In 2020, the Parent Company extended the maturity of the advances for a period of 5 years up to December 21, 2025 at a decreased rate of 4% per annum.

Interest receivable from WPPC amounted to P86.28 million and P63.88 million as at December 31, 2020 and 2019, respectively. Interest income recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P20.00 million, P37.50 million and P21.88 million in 2020, 2019 and 2018 respectively.

RRGI
On June 1, 2018, WCCCHI extended advances to RRGI amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity on June 1, 2021. The advances and interest will mature on June 1, 2021. Interest receivable from RRGI amounted to P108.50 million and P66.50 million as at December 31, 2020 and 2019, respectively. Interest income recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P37.50 million in 2020 and 2019, and P21.86 million in 2018.

b. Noninterest-bearing Advances to Related Parties

The Group has noninterest-bearing, collateral-free advances to PHES, FHC, PCIC, East Asia and PWRDC with no fixed term of repayment. The said advances are due and demandable at anytime.

PWRDC
On July 5, 2018, the Parent Company granted a noninterest-bearing, collateral-free advances to PWRDC which is due on demand (see Note 8a). PWRDC paid the full amount in 2020.

PHES, FHC, PCIC and East Asia
The Parent Company has noninterest-bearing, collateral-free advances to PHES, FHC, PCIC and East Asia with no fixed term of repayment. The said advances are due on demand.

The collectability of the aforementioned advances is unconditionally recognized and guaranteed by TWGI, representing the majority stockholder.

c. Advances to Subsidiaries

These mainly represent funds provided to support subsidiaries' daily operations and to finance the construction and completion of certain hotel projects.

d. Deposits to Subsidiaries

These represent amounts set aside that will be used as subscription payments by the Parent Company once the planned increase in the authorized capital stock of the subsidiaries materialize (see Note 21).

e. Due to Subsidiaries/to a Related Party

In the ordinary course of business, the Parent Company obtains noninterest-bearing, collateral-free cash and non-cash advances from related parties for working capital purposes. The above advances are due and demandable at anytime.

On June 1, 2018, the Parent Company received advances from WCCCHI with an interest of 7.5% per annum and maturity on June 1, 2021. Accrued interest payable to WCCCHI amounted to P136.76 million and P88.04 million as at December 31, 2020 and 2019, respectively. Interest expense related to the advances recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P43.50 million, P51.69 million and P30.15 million in 2020, 2019 and 2018, respectively.

f. Financial Assets at FVOCI - Equity Securities

The Group has investment in shares of stocks in WMPD amounting to P12.50 million consisting of 12.50 million shares with par value of P1.00 per share as at December 31, 2019. Additional investment was made in 2020 amounting to P37.50 million consisting of 37.50 million shares. This investment is measured at cost due to the lack of reliable estimates of unobserved inputs, less impairment, if any.

In July and August 2005, the BOD of APHC approved the conversion of its net receivables from related parties amounting to P43.30 million into 86.71 million shares of stock of WII which are listed on the PSE. The conversion resulted to a loss on exchange of assets of P31.10 million for APHC. The fair market value of the shares based on closing market price as at December 31, 2020 and 2019 amounted to P19.42 million and P17.52 million, respectively (see Note 21), resulting in a valuation gain of P1.91 million in 2019, valuation loss of P3.90 million in 2019 and valuation gain of P5.46 million in 2018.

g. Notes Receivable

In 2017, the Group extended a loan to ALEC payable on December 31, 2018, and bear interest at 4% per annum. In 2018, the Group extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2019. At the end of 2019, the Group extended the loan, with the same terms as the original loan, to mature at the end of 2020. At the end of 2020, the Group extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2021. The related interest income recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P8.93 million, P9.85 million and P7.42 million in 2020, 2019 and 2018, respectively.

The outstanding balances of related party transactions are generally settled in cash.

9. Property and Equipment

Movements in this account are as follows:

For the Year Ended December 31, 2020

	Land	Land Improvements	Leasehold Improvements	Hotel Buildings and Improvements	Furniture, Fixtures and Equipment	Operating Equipment	Transportation Equipment	Construction-in-Progress	Total
Measurement Basis:	***Revalued***	***Revalued***	***At Cost***	***Revalued***	***Revalued***	***At Cost***	***Revalued***	***At Cost***	**Total**
Beginning balance	**P1,428,918,000**	**P18,679,612**	**P25,063,249**	**P6,495,645,708**	**P1,381,734,045**	**P88,195,431**	**P30,120,761**	**P344,635,751**	**P9,812,992,557**
Additions	**-**	**-**	**-**	**25,020,909**	**19,217,515**	**167,857**	**-**	**231,887,614**	**276,293,895**
Appraisal increase	**1,875,632,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,875,632,000**
Ending balance	**3,304,550,000**	**18,679,612**	**25,063,249**	**6,520,666,617**	**1,400,951,560**	**88,363,288**	**30,120,761**	**576,523,365**	**11,964,918,452**
Accumulated Depreciation and Amortization									
Beginning balance	**-**	**15,896,045**	**21,045,049**	**1,942,254,837**	**1,013,819,612**	**86,120,753**	**19,672,488**	**-**	**3,098,808,784**
Depreciation and amortization	**-**	**1,216,287**	**319,302**	**187,104,547**	**140,106,588**	**371,691**	**3,764,982**	**-**	**332,883,397**
Ending balance	**-**	**17,112,332**	**21,364,351**	**2,129,359,384**	**1,153,926,200**	**86,492,444**	**23,437,470**	**-**	**3,431,692,181**
Carrying Amount	**P3,304,550,000**	**P1,567,280**	**P3,698,898**	**P4,391,307,233**	**P247,025,360**	**P1,870,844**	**P6,683,291**	**P576,523,365**	**P8,533,226,271**

For the Year Ended December 31, 2019
(As restated - Note 27)

	Land	Land Improvements	Leasehold Improvements	Hotel Buildings and Improvements	Furniture, Fixtures and Equipment	Operating Equipment	Transportation Equipment	Construction-in-Progress	Total
Measurement Basis:	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*At Cost*	Total
Beginning balance	P1,076,280,000	P17,021,145	P25,016,605	P5,735,394,429	P1,007,659,453	P85,692,611	P23,648,982	P -	P7,970,713,225
Additions	96,870,000	-	46,644	-	6,091,875	909,189	4,320,536	344,635,751	452,873,995
Appraisal increase	255,768,000	1,658,467	-	760,251,279	367,982,717	1,593,631	2,151,243	-	1,389,405,337
Ending balance	1,428,918,000	18,679,612	25,063,249	6,495,645,708	1,381,734,045	88,195,431	30,120,761	344,635,751	9,812,992,557
Accumulated Depreciation and Amortization									
Beginning balance	-	15,880,901	20,731,893	1,802,897,461	925,615,459	85,653,835	16,714,298	-	2,867,493,847
Depreciation and amortization	-	15,144	313,156	139,357,376	88,204,153	466,918	2,958,190	-	231,314,937
Ending balance	-	15,896,045	21,045,049	1,942,254,837	1,013,819,612	86,120,753	19,672,488	-	3,098,808,784
Carrying Amount	P1,428,918,000	P2,783,567	P4,018,200	P4,553,390,871	P367,914,433	P2,074,678	P10,448,273	P344,635,751	P6,714,183,773

The Group engaged an independent firm of appraisers to determine the fair value of certain classes of property and equipment, specifically hotel buildings and improvements, land, furniture, fixtures and equipment, transportation equipment and land improvements, which are carried at revalued amounts. Fair value was determined by reference to market-based evidence, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In determining fair value, an estimate was made in accordance with the prevailing prices for materials, equipment, labor, and contractor's overhead and all other costs associated with acquisition while taking into account the depreciation resulting from physical deterioration, functional and economic obsolescence. The Group's revaluation of its land improvements, hotel buildings and improvements, furniture, fixtures and equipment and transportation equipment is done once every three (3) years. The date of the latest revaluation was as at November 15, 2019, which resulted to the increase in the gross carrying amount of property and equipment amounting to P1.39 billion. In 2020, the Group also engaged an independent firm of appraisers to determine the fair value of land. The date of the revaluation was as at April 12, 2021, which resulted to the increase in the gross carrying amount of land to amounting to P1.88 billion.

After the fire incident (see Note 1), APHC engaged an independent firm of appraisers to determine the fair value of certain classes of its property and equipment, specifically hotel building and equipment and furniture, fixtures and equipment, that were damaged by fire. The appraisal results show that the estimated market value of property and equipment after the fire (excluding land) amounted to P293.53 million.

Had the following classes of property and equipment been carried at cost less accumulated depreciation, their carrying amounts as at December 31, 2020 and 2019 would have been as follows:

	2020	2019
Hotel buildings and improvements	**P3,186,775,590**	P3,164,814,164
Land	**650,515,909**	650,515,909
Furniture, fixtures and equipment	**776,080,803**	746,431,506
Transportation equipment	**14,696,528**	14,696,528
Land improvements	**1,328,990**	1,328,990
	4,629,397,820	4,577,787,097
Accumulated depreciation	**(2,391,613,337)**	(2,309,660,409)
	P2,237,784,483	P2,268,126,688

Depreciation on cost charged to profit or loss amounted to P84.31 million, P81.44 million and P139.44 million in 2020, 2019 and 2018, respectively. Depreciation on appraisal increase charged to profit or loss amounted to P248.57 million, P149.87 million and P125.24 million in 2020, 2019 and 2018, respectively.

The revaluation increment directly absorbed through casualty losses and depreciation and consequently transferred directly to retained earnings, net of deferred tax effect, amounted to P167.18 million, P98.80 million and P376.40 million in 2020, 2019 and 2018, respectively. The carrying amount of the revaluation surplus amounting to P3.82 billion and P2.70 billion as at December 31, 2020 and 2019, respectively, is not available for distribution to shareholders.

10. Other Noncurrent Assets

This account consists of:

	Note	**2020**	2019
Advances to contractors		**P727,001,678**	P709,403,998
Advances to a supplier	*8*	**150,000,000**	-
Refundable deposits	*21*	**18,761,385**	25,310,347
Others	*21*	**20,162,314**	14,465,705
		915,925,377	749,180,050
Less allowance for impairment losses on advances to contractors		**46,100,252**	46,100,252
		P869,825,125	P703,079,798

Advances to contractors pertain to deposits in connection with the reconstruction and restoration of APHC's hotel property and equipment and the renovation work of WCCCHI.

Refundable deposits refer to security deposits on utilities, electricity, rental, returnable containers and others.

Others represent deposits to service providers such as security and janitorial services.

In 2019, portion of the advances to contractors specifically identified as impaired amounted to P46.10 million, recognized and presented as part of "Impairment losses" account in the consolidated statement of profit or loss and other comprehensive income (loss).

11. Accounts Payable and Accrued Expenses

This account consists of:

	Note	**2020**	2019
Accrued:			
Interest and penalties	*13, 21*	**P1,106,279,481**	P1,046,279,481
Salaries, wages and employee benefits	*21*	**17,338,632**	31,321,061
Utilities	*21*	**6,335,463**	5,980,017
Rent	*21*	**176,428**	176,428
Other accruals	*21*	**20,518,165**	20,285,870
Trade payables	*21*	**658,296,997**	845,454,341
Local taxes and output VAT		**43,130,282**	63,678,143
Service charges	*21*	**1,731,859**	1,882,862
Withholding taxes payable		**1,080,809**	949,150
Unclaimed wages	*21*	**507,891**	693,942
Guest deposits	*21*	**350,000**	386,559
Retention payables	*21*	**4,241,431**	36,161,051
Other payables	*21*	**78,303,228**	82,312,235
		P1,938,290,666	P2,135,561,140

Trade payables are noninterest-bearing and are normally on 30-day terms and are settled in cash.

Retention payables pertain mainly to amounts withheld from contractors which are payable one year from the date of final turnover and acceptance.

Other payables include commissions, sponsorships, gift certificates issued, SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund and sundry payables.

12. Other Current Liabilities

This account consists of:

	Note	**2020**	2019
Concessionaires' and other deposits	*21, 24*	**P37,395,856**	P40,573,764
Deferred income		**611,551**	1,512,252
Others	*21*	**1,057,500**	1,064,400
		P39,064,907	P43,150,416

Others include a P1.00 million unsecured short-term loan obtained from a local bank in 1996 with interest at prevailing market rate. The proceeds of the loan were used for the working capital requirements of GIRDI. GIRDI is a defendant in a collection case filed by a local bank involving an unsecured short-term loan obtained. While the case is currently inactive and the latest assessment made by the legal counsel is favorable to GIRDI, the payable is still retained until the case is completely dismissed. Management believes that the carrying value of the liability retained in the books as at December 31, 2020 and 2019 sufficiently represents the amount of possible liability that GIRDI may settle in the event that this case will ultimately be activated and decided against GIRDI.

13. Loan Payable

SSS Loan

On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII, a related party and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within 1 year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII totaling 235 million and 80 million shares, respectively.

On May 13, 2004, SSS filed a civil suit against the Parent Company for the collection of the total outstanding loan obligation before the Regional Trial Court (RTC) of Quezon City. SSS likewise asked the RTC of Quezon City for the issuance of a writ of preliminary attachment on the collateral property.

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.80 million. After the lapse of 3 months from the issuance of RTC order, no attachment bond was posted. Thus, on September 16, 2004 and September 17, 2004, the Parent Company filed a Motion to Set Aside Order of Attachment and Amended Motion to Set Aside Order of Attachment, respectively.

On January 10, 2005, the RTC of Quezon City issued its second order denying the Parent Company's petition after finding no compelling grounds to reverse or reconsider its initial findings dated June 18, 2004. In addition, since no writ of preliminary attachment was actually issued for failure of SSS to file a bond on the specified date, the RTC granted SSS an extension of fifteen (15) days from receipt of its second order to post the required attachment bond.

On February 10, 2005, SSS filed a Motion for Partial Reconsideration of the Order dated January 10, 2005 requesting that it be allowed to post a real property bond in lieu of a cash/surety bond and asking for another extension of thirty (30) days within which to post the said property bond. On March 7, 2005, the Parent Company filed its opposition to the said Motion.

On July 18, 2005, the RTC of Quezon City issued its third order denying the Parent Company's petition and granted SSS the 30 day extension to post the said attachment bond. Accordingly, on August 25, 2005, the Parent Company filed a Motion for Reconsideration (MR).

On September 12, 2005, the RTC of Quezon City issued its fourth order approving SSS's property bond in the total amount of P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Parent Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005.

On February 22, 2006, the CA granted the Parent Company's petition for the issuance of the Temporary Restraining Order to enjoin the implementation of the orders of the RTC of Quezon City specifically on the issuance of the writ of preliminary attachment.

On March 28, 2006, the CA granted the Parent Company's petition for the issuance of a writ of preliminary injunction prohibiting the RTC of Quezon City from implementing the questioned orders.

On August 24, 2006, the CA issued a decision granting the Petition for Certiorari filed by the Parent Company on November 3, 2005 and nullifying the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005 and consequently making the writ of preliminary injunction permanent.

Accordingly, SSS filed a Petition for Review on Certiorari on the CA's decision before the Supreme Court (SC).

On November 15, 2006, the First Division of the SC issued a Resolution denying SSS's petition for failure of SSS to sufficiently show that the CA committed any reversible error in its decision which would warrant the exercise of the SC's discretionary appellate jurisdiction.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Parent Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Parent Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS appealed with the CA assailing the RTC of Quezon City decision in favor of the Parent Company, et al. SSS filed its Appellant's Brief and the Parent Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Parent Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Parent Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Parent Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Parent Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

On August 30, 2019, the CA rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Parent Company, WII and TWGI filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020.

As at the date of the BOD’s approval of the consolidated financial statements, the Parent Company is still awaiting Notice/Resolution from the SC on the Petition for Review.

Outstanding principal balance of the loan amounted to P375.00 million as at December 31, 2020 and 2019. Interest expense related to the SSS loan recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P60.00 million, P59.92 million and P60.00 million in 2020, 2019 and 2018, respectively. Accrued interest and penalties, presented as part of “Accrued interest and penalties” under “Accounts payable and accrued expenses” account in the consolidated statement of financial position, amounted to P1.11 billion and P1.05 billion as at December 31, 2020 and 2019, respectively (see Note 11).

14. Other Noncurrent Liabilities

The account consists of:

	Note	**2020**	2019
Advance rentals	*23*	**P232,439,873**	P232,439,872
Concessionaires' deposit	*21, 23*	**131,004,216**	122,000,003
Retention payables	*21*	**55,499,337**	-
		P418,943,426	P354,439,875

Retention payable pertains to amounts withheld from contractors which are payable one year from the date of final turnover and acceptance.

15. Segment Information

The Group's operating businesses are organized and managed separately according to hotel property location, with each segment representing a strategic business unit. Segment accounting policies are the same as the policies described primarily in Note 30 to the consolidated financial statements.

The following table presents the revenue and profit information regarding industry segments for the years ended December 31, 2020, 2019 and 2018 and certain asset and liability information regarding industry segments as at December 31, 2020, 2019 and 2018 (in thousands):

	For the Year Ended December 31, 2020							
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiary	Total	Eliminations	Consolidated
REVENUES								
External sales	P678,644	P286,819	P82,289	P14,294	P -	P1,062,046	(P7,414)	P1,054,632
RESULTS								
Segment operating profit	P298,551	P164,929	(P34,722)	(P20,316)	(P80,233)	P328,209	P8,769	P336,978
OTHER EXPENSES (INCOME)								
Depreciation and amortization	223,371	68,391	21,467	1,260	22,026	336,515	-	336,515
Interest expense	98,314	9,574	-	104,994	-	212,882	(43,502)	169,380
Foreign exchange losses (gains) - net	-	18	-	(10,750)	61	(10,671)	-	(10,671)
Impairment losses	2,651	4,397	-	12,452	-	19,500	-	19,500
Gains from insurance claims	-	-	-	-	(854,520)	(854,520)	-	(854,520)
Interest income	(85,077)	(6,717)	(1,831)	(76,222)	(3,944)	(173,791)	43,502	(130,289)
Others - net	-	-	-	(8,769)	-	(8,769)	8,769	-
	239,259	75,663	19,636	22,965	(836,377)	(478,854)	8,769	(470,085)
INCOME TAX EXPENSE (BENEFIT)	24,683	26,276	(16,856)	(12,084)	101,578	123,597	-	123,597
NET INCOME (LOSS)	P34,609	P62,990	(P37,502)	(P31,197)	P654,566	P683,466	P -	P683,466
OTHER INFORMATION								
Segment assets	P5,504,396	P2,071,595	P2,902,172	P5,742,037	P3,278,075	P19,498,275	(P4,422,643)	P15,075,632
Deferred tax assets	54,262	26,402	14,204	72,781	18	167,667	-	167,667
Consolidated Total Assets	P5,558,658	P2,097,997	P2,916,376	P5,814,818	P3,278,093	P19,665,942	(P4,422,643)	P15,243,299
Segment liabilities	P1,518,572	P348,201	P46,645	P3,358,924	P1,048,108	P6,320,450	(P2,462,279)	P3,858,171
Deferred tax liabilities	673,887	233,521	816,168	(774)	259,963	1,982,765	-	1,982,765
Consolidated Total Liabilities	P2,192,459	P581,722	P862,813	P3,358,150	P1,308,071	P8,303,215	(P2,462,279)	P5,840,936
Other Segment Information								
Capital expenditures	P3,321,938	P925,724	P2,717,954	P99,384	P1,468,226	P8,533,226	P -	P8,533,226
Depreciation and amortization	223,371	68,391	21,467	1,260	22,026	336,515	-	336,515

	For the Year Ended December 31, 2019 (As restated - Note 27)							
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiary	Total	Eliminations	Consolidated
REVENUES								
External sales	P1,273,295	P464,071	P253,754	P27,006	P -	P2,018,126	(P21,057)	P1,997,069
RESULTS								
Segment operating profit	P489,202	P237,175	P33,505	(P24,243)	(P118,505)	P617,134	P -	P617,134
OTHER EXPENSES (INCOME)								
Depreciation and amortization	148,803	55,915	7,659	1,177	20,295	233,849	-	233,849
Interest expense	128,693	8,674	-	115,264	-	252,631	(51,686)	200,945
Foreign exchange losses - net	-	-	-	5,915	-	5,915	-	5,915
Impairment losses	-	1,150	-	4,250	70,507	75,907	(2,551)	73,356
Gains from insurance claims	-	-	-	-	(234,090)	(234,090)	-	(234,090)
Interest income	(175,491)	(46,019)	(1,633)	(108,748)	(5,130)	(337,021)	51,686	(285,335)
Others - net	-	-	-	(6,825)	-	(6,825)	-	(6,825)
	102,005	19,720	6,026	11,033	(148,418)	(9,634)	(2,551)	(12,185)
INCOME TAX EXPENSE (BENEFIT)	129,999	64,004	7,754	(5,743)	(37,683)	158,331	-	158,331
NET INCOME (LOSS)	P257,198	P153,451	P19,725	(P29,533)	P67,596	P468,437	P2,551	P470,988
OTHER INFORMATION								
Segment assets	P5,769,463	P2,010,204	P1,119,259	P5,651,080	P2,376,356	P16,926,362	(P4,060,594)	P12,865,768
Deferred tax assets	51,269	23,448	2,046	54,483	108,049	239,295	-	239,295
Consolidated Total Assets	P5,820,732	P2,033,652	P1,121,305	P5,705,563	P2,484,405	P17,165,657	(P4,060,594)	P13,105,063
Segment liabilities	P1,808,757	P345,595	P84,573	P3,119,010	P907,325	P6,265,260	(P2,009,271)	P4,255,989
Deferred tax liabilities	694,628	237,470	258,631	(572)	265,582	1,455,739	-	1,455,739
Consolidated Total Liabilities	P2,503,385	P583,065	P343,204	P3,118,438	P1,172,907	P7,720,999	(P2,009,271)	P5,711,728
Other Segment Information								
Capital expenditures	P3,503,786	P989,685	P861,872	P3,606	P1,258,365	P6,617,314	P -	P6,617,314
Depreciation and amortization	148,803	55,915	7,659	1,177	20,295	233,849	-	233,849

	For the Year Ended December 31, 2018							
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiary	Total	Eliminations	Consolidated
REVENUES								
External sales	P1,119,779	P424,035	P240,877	P25,085	P54,373	P1,864,149	(P14,237)	P1,849,912
RESULTS								
Segment operating profit	P420,288	P195,555	P34,442	(P19,452)	(P171,391)	P459,442	P -	P459,442
OTHER EXPENSES (INCOME)								
Casualty loss on damaged properties	-	-	-	-	410,172	410,172	-	410,172
Depreciation and amortization	148,918	54,948	10,712	2,190	47,916	264,684	-	264,684
Interest expense	101,480	-	-	90,372	-	191,852	(30,150)	161,702
Impairment losses	-	406	-	892	3,645	4,943	-	4,943
Foreign exchange gains - net	-	-	-	(2,845)	-	(2,845)	-	(2,845)
Interest income	(55,150)	(3,259)	(716)	(63,089)	(6,357)	(128,571)	30,150	(98,421)
Others - net	-	-	-	(2,741)	(8,351)	(11,092)	-	(11,092)
	195,248	52,095	9,996	24,779	447,025	729,143	-	729,143
INCOME TAX EXPENSE (BENEFIT)	72,224	42,851	7,119	(9,936)	(270,030)	(157,772)	-	(157,772)
NET INCOME (LOSS)	P152,816	P100,609	P17,327	(P34,295)	(P348,386)	(P111,929)	P -	(P111,929)
OTHER INFORMATION								
Segment assets	P4,653,280	P1,545,953	P750,406	P5,711,031	P1,768,417	P14,429,087	(P3,890,139)	P10,538,948
Deferred tax assets	3,425	678	2,361	36,786	74,123	117,373	-	117,373
Consolidated Total Assets	P4,656,705	P1,546,631	P752,767	P5,747,817	P1,842,540	P14,546,460	(P3,890,139)	P10,656,321
Segment liabilities	P2,840,976	P164,761	P57,554	P3,262,651	P333,788	P6,659,730	(P2,959,483)	P3,700,247
Deferred tax liabilities	403,880	186,238	162,667	(483)	266,848	1,019,150	-	1,019,150
Consolidated Total Liabilities	P3,244,856	P350,999	P220,221	P3,262,168	P600,636	P7,678,880	(P2,959,483)	P4,719,397
Other Segment Information								
Capital expenditures	P2,716,462	P893,611	P561,165	P3,128	P928,853	P5,103,219	P -	P5,103,219
Depreciation and amortization	148,918	54,948	10,712	2,190	47,916	264,684	-	264,684

16. Capital Stock and Noncontrolling Interests

Capital Stock
Details of capital stock of the Parent Company as at December 31 are as follows:

	Number of Common Shares	Amount
Authorized capital stock: at P1 par value per share	**5,000,000,000**	**P5,000,000,000**
Issued and outstanding	**2,498,991,753**	**P2,498,991,753**

A summary of the Parent Company's securities registration is as follows:

Date of Registration/Listing	Securities
March 17, 1995	112.50 million shares
(Initial Public Offering)	On October 7, 1994, the SEC approved the increase in the authorized capital stock of the Parent Company to P450.00 million divided into 450 million shares with a par value of P1 per share, out of which, 337.50 million shares were already subscribed.
April 18, 1996	944.97 million shares
	On September 18, 1995, the BOD resolved to increase the authorized capital stock of the Parent Company to P2.00 billion divided into 2 billion shares with a par value of P1 per share. The purpose of the increase was to finance the construction of WCCCHI's hotel project.
December 15, 1999	888.47 million shares
	On August 7, 1999, the BOD resolved to increase the authorized capital stock of the Parent Company to P5.00 billion divided into 5 billion shares with a par value of P1 per share. The purpose of the increase was to accommodate the acquisition of DIHCI's outstanding common shares for 888.47 million shares of the Parent Company with an offer price of P2.03 per share.

The Parent Company has not sold any unregistered securities for the past 3 years. As at December 31, 2020 and 2019, 1.95 billion shares of the Parent Company are listed on the PSE and has a total of 435 shareholders.

On July 20, 2007, the BOD resolved to increase the authorized capital stock of the Parent Company to P10.00 billion with 10 billion shares at par value of P1 per share. This resolution was ratified by the Parent Company's stockholders owning at least two-thirds of the outstanding capital stock during the annual stockholders' meeting held on August 25, 2007.

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Parent Company. As at December 31, 2020, the Parent Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

Noncontrolling Interests (NCIs)

The details of the Group's material NCIs are as follows (in thousands):

	December 31, 2020		December 31, 2019	
	APHC	**GIRDI**	APHC	GIRDI
Percentage of NCI	**44%**	**46%**	44%	46%
Carrying amount of NCI	**P841,563**	**P198,382**	P549,803	P198,694
Net income (loss) attributable to NCI	**P289,973**	**(P312)**	P29,945	(P55)
Other comprehensive income attributable to NCIs	**P1,787**	**P -**	P884	P -

The following are the audited condensed financial information of investments in subsidiaries with material NCIs (in thousands):

	December 31, 2020		December 31, 2019	
	APHC	**GIRDI**	APHC	GIRDI
Total assets	**P3,279,724**	**P468,998**	P2,381,211	P469,656
Total liabilities	**(1,309,625)**	**(37,732)**	(1,069,789)	(37,711)
Net assets	**P1,970,099**	**P431,266**	P1,311,422	P431,945
Revenue	**P -**	**P1,712**	P -	P1,662
Net income (loss)	**P654,644**	**(P679)**	P67,595	(P120)
Other comprehensive income	**4,034**	**-**	1,997	-
	P658,678	**(P679)**	P69,592	(P120)
Cash flows provided by operating activities	**P9,033**	**P -**	P96,726	P -
Cash flows provided by (used in) investing activities	**618,375**	**-**	(431,551)	-
Cash flows provided by financing activities	**35,681**	**-**	269,630	-
Net increase (decrease) in cash	**P663,089**	**P -**	(P65,195)	P -

17. Other Costs and Expenses

This account consists of:

	Note	2020	2019 (As restated - Note 27)	2018
Taxes and licenses		**P66,189,717**	P104,719,701	P51,970,083
Laundry, valet and other hotel services		**32,008,594**	121,723,857	122,815,582
Security and other related services		**31,888,701**	40,730,273	39,303,457
Professional fees		**18,094,052**	18,801,710	16,616,534
Corporate expenses		**16,388,650**	20,382,390	29,160,020
Insurance		**13,885,400**	13,322,652	15,865,861
Data processing		**11,290,352**	21,233,251	16,145,135
Supplies	*6*	**8,833,145**	20,045,746	19,915,410
Advertising		**7,203,921**	17,522,754	22,774,086
Commissions		**4,916,118**	10,878,712	12,094,617
Communications		**4,522,231**	4,178,568	5,148,740
Guest amenities		**2,791,592**	5,477,313	4,315,152
Fuel and oil		**2,738,638**	6,909,177	8,282,184
Transportation and travel		**2,638,236**	3,358,155	6,673,785
Guest and laundry valet		**1,580,568**	5,921,144	4,737,776
Meeting expenses		**736,835**	1,201,170	1,507,267
Representation and entertainment		**712,769**	12,773,517	9,981,109
Customer claims		**-**	-	13,215,750
Miscellaneous		**11,603,143**	17,339,171	15,017,127
		P238,022,662	P446,519,261	P415,539,675

Miscellaneous include recruitment expense and employee association dues.

Customer claims pertain to amounts incurred for the accommodation, hospitalization and other assistance provided by APHC to the hotel guests after the fire incident (see Note 1).

18. Retirement Benefits Cost

Certain subsidiaries have noncontributory, defined benefit plans (the Plans) covering substantially all of their regular employees with at least five (5) years of continuous service. The benefits are based on percentage of the employee's final monthly salary for every year of continuous service depending on the length of stay. Contributions and costs are determined in accordance with the actuarial studies made for the Plans.

The latest independent actuarial valuation of the Plans was as at December 31, 2020, which was prepared using the projected unit credit method. The Plans are administered by independent trustees (the Retirement Plan Trustees) with assets held consolidated for the Group.

The Plans are registered with the BIR as a tax-qualified plan under Republic Act (R.A.) No. 4917, As Amended, otherwise known as "An Act Providing that Retirement Benefits of Employees of Private Firms shall not be Subject to Attachment, Levy, Execution, or any Tax whatsoever."

The reconciliation of the present value of the DBO and the FVPA to the recognized retirement benefits liability (asset) as presented in the consolidated statement of financial position is as follows:

2020	**DBO**	**FVPA**	**Asset Ceiling Adjustment**	**Retirement Benefits Liability (Asset)**
Balance, January 1, 2020	**P149,019,737**	**(P186,122,611)**	**P -**	**(P37,102,874)**
Included in Profit or Loss				
Current service cost	**12,101,529**	**-**	**-**	**12,101,529**
Net interest cost (income)	**7,276,796**	**(9,114,628)**	**-**	**(1,837,832)**
	19,378,325	**(9,114,628)**	**-**	**10,263,697**
Included in OCI				
Remeasurement gains on plan assets:				
1. Actuarial gains arising from:				
▪ Changes in financial assumptions	**(9,719,660)**	**-**	**-**	**(9,719,660)**
▪ Experience adjustments	**(13,708,289)**	**-**	**-**	**(13,708,289)**
2. Return on plan assets excluding interest income	**-**	**(3,756,131)**	**-**	**(3,756,131)**
	(23,427,949)	**(3,756,131)**	**-**	**(27,184,080)**
Others				
Benefits paid from:				
Book reserves	**(839,815)**	**-**	**-**	**(839,815)**
Plan assets	**(35,083,779)**	**35,083,779**	**-**	**-**
Balance, December 31, 2020	**P109,046,519**	**(P163,909,591)**	**P -**	**(P54,863,072)**

2019	DBO	FVPA	Asset Ceiling Adjustment	Retirement Benefits Liability (Asset)
Balance, January 1, 2019	P132,611,165	(P152,458,292)	P13,054,129	(P6,792,998)
Included in Profit or Loss				
Current service cost	8,057,234	-	-	8,057,234
Net interest cost (income)	9,941,295	(11,427,563)	980,102	(506,166)
	17,998,529	(11,427,563)	980,102	7,551,068
Included in OCI				
Remeasurement gains on plan assets:				
1. Actuarial losses (gains) arising from:				
▪ Changes in financial assumptions	39,022,924	-	-	39,022,924
▪ Changes in demographic assumptions	(926,130)	-	-	(926,130)
▪ Experience adjustments	(24,741,964)	-	-	(24,741,964)
2. Return on plan assets excluding interest income	-	(12,234,167)	-	(12,234,167)
3. Remeasurement gain on asset ceiling	-	-	(12,623,802)	(12,623,802)
4. Effect of asset ceiling	-	-	(1,410,429)	(1,410,429)
	13,354,830	(12,234,167)	(14,034,231)	(12,913,568)
Others				
Contributions paid by the employer	-	(15,500,000)	-	(15,500,000)
Benefits paid from:				
Book reserves	(9,447,376)	-	-	(9,447,376)
Plan assets	(5,497,411)	5,497,411	-	-
Balance, December 31, 2019	P149,019,737	(P186,122,611)	P -	(P37,102,874)

The retirement benefits cost recognized in profit or loss for the years ended December 31, 2020, 2019 and 2018 amounted to P10.26 million, P7.55 million and P19.66 million, respectively, and is presented as part of “Personnel costs” account in the consolidated statement of profit or loss and other comprehensive income (loss).

Personnel costs comprise the following:

	2020	2019	2018
Salaries and wages	**P192,108,881**	P249,463,879	P255,616,449
Retirement benefits expense	**10,263,697**	7,551,068	19,658,475
Other employee benefits	**15,188,822**	23,978,920	24,295,320
	P217,561,400	P280,993,867	P299,570,244

The Group's plan assets consist of the following:

	2020	2019
Debt instruments - government bonds	**P103,545,677**	P120,475,984
Cash and cash equivalents	**27,172,877**	31,408,593
Investment in government securities	**21,547,124**	21,867,104
Deposit in banks	**8,230,016**	8,352,233
Investment in other securities and debt instruments	**432,287**	533,421
Equity instruments	**301,919**	336,606
Debt instruments - other bonds	**103,355**	99,733
Other receivables	**2,576,336**	3,048,937
	P163,909,591	P186,122,611

The principal actuarial assumptions at reporting date are as follows:

	2020	2019
Discount rate	**3.40% - 3.79%**	4.83% - 5.05%
Salary increase rate	**3.00% - 5.00%**	3.00% - 10.00%

Assumptions regarding the mortality and disability rates are based on the 2001 CSO Table - Generational (Scale AA, Society of Actuaries) and the Disability Study, Period 2, Benefit 5 (Society of Actuaries), respectively.

The weighted-average duration of the DBO is 14.71 years and 14.66 years as at December 31, 2020 and 2019, respectively.

Maturity analysis of the benefit payments as at December 31 follows:

	2020	2019
Carrying amount	**P109,046,519**	P149,019,737
Within 1 year	**P8,783,207**	P18,117,387
Within 1 - 5 years	**32,028,046**	50,091,808
Within 5 - ten (10) years	**59,135,116**	90,141,448
Contractual cash flows	**P99,946,369**	P158,350,643

<u>Sensitivity Analysis</u>
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below:

	2020		2019	
	+1%	**-1%**	+1%	-1%
Discount rate	**(P10,278,632)**	**P12,020,686**	(P13,781,557)	P16,130,170
Salary increase rate	**11,856,041**	**(10,417,135)**	15,751,601	(13,855,152)

Although the analysis does not take account of the full distribution of cash flows expected under the Plans, it does provide an approximation of the sensitivity of the assumptions shown.

These respective Plans expose the Group to actuarial risks such as longevity risk, interest rate risk, and market (investment) risk.

Asset-liability Matching
The Retirement Plan Trustees have no specific matching strategy between the plan assets and the plan liabilities.

Funding Policy
The Group is not required to pre-fund the future defined benefits payable under the retirement plans before they become due. However, in the event a benefit claim arises and the respective Plans' fund is insufficient to pay the claim, the shortfall will be paid by the Group directly to the employee-retiree. Hence, the amount and timing of contributions to the respective Plans are at the Group's discretion.

19. Income Taxes

The components of the Group's income tax expense (benefit) are as follows:

	2020	2019 (As restated - Note 27)	2018
Recognized in Profit or Loss			
Current tax expense	**P95,787,735**	P264,358,618	P163,988,523
Deferred tax expense (benefit)	**27,809,330**	(106,028,004)	(321,762,288)
	P123,597,065	P158,330,614	(P157,773,765)
Recognized in OCI			
Deferred tax expense	**P570,844,827**	P420,695,671	P13,463,885

The reconciliation of the income tax expense (benefit) computed at the statutory tax rate to the actual income tax expense (benefit) shown in the consolidated statement of profit or loss and other comprehensive income (loss) is as follows:

	2020	2019 (As restated - Note 27)	2018
Income (loss) before income tax expense (benefit)	**P807,063,414**	P629,318,976	(P269,702,927)
Income tax expense (benefit) at 30%	**P242,119,024**	P188,795,693	(P80,910,878)
Additions to (reductions in) income tax resulting from the tax effects of:			
Nondeductible expenses	**12,368,659**	44,432,939	114,095,149
Derecognition of net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT)	**108,048,907**	-	-
Unrecognized deferred tax assets during the year	**23,405,779**	1,617,811	2,591,060
Income not subjected to income tax	**(262,345,304)**	(76,515,829)	(193,549,096)
	P123,597,065	P158,330,614	(P157,773,765)

The movements of the deferred tax assets and deferred tax liabilities are as follows:

December 31, 2020	**Balance January 1, 2020** (As restated - Note 27)	**Recognized in Profit or Loss**	**Recognized in OCI**	**Balance December 31, 2020**
Deferred tax liabilities:				
Revaluation surplus on property and equipment	**P1,388,596,754**	**(P74,352,122)**	**P562,689,600**	**P1,876,934,232**
Retirement benefits liability	**11,130,861**	**(2,827,165)**	**8,155,227**	**16,458,923**
Unrealized foreign exchange gain	**20,040**	**(18,043)**	**-**	**1,997**
Accrued interest income	**121,777**	**-**	**-**	**121,777**
Unamortized discount on security deposit	**33,904,904**	**(1,975,074)**	**-**	**31,929,830**
Accrued rent income	**21,964,711**	**35,353,816**	**-**	**57,318,527**
	1,455,739,047	**(43,818,588)**	**570,844,827**	**1,982,765,286**
Deferred tax assets:				
Allowance for impairment losses on receivables	**4,314,859**	**1,769,528**	**-**	**6,084,387**
Unamortized past service cost	**1,113,460**	**(315,436)**	**-**	**798,024**
Accrued rent expense	**918,005**	**2,930,087**	**-**	**3,848,092**
Unrealized foreign exchange loss	**-**	**18,356**	**-**	**18,356**
Unearned revenues	**453,675**	**(164,204)**	**-**	**289,471**
Lease liabilities - net	**737,044**	**1,814,593**	**-**	**2,551,637**
Advanced rental	**69,731,961**	**-**	**-**	**69,731,961**
NOLCO	**108,011,219**	**(96,106,583)**	**-**	**11,904,636**
MCIT	**37,690**	**425,741**	**-**	**463,431**
Accrued interest expense on loan	**53,977,137**	**18,000,000**	**-**	**71,977,137**
	239,295,050	**(71,627,918)**	**-**	**167,667,132**
	P1,216,443,997	**P27,809,330**	**P570,844,827**	**P1,815,098,154**

December 31, 2019	Balance January 1, 2019	Recognized in Profit or Loss (As restated - Note 27)	Recognized in OCI	Balance December 31, 2019 (As restated - Note 27)
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P1,016,734,121	(P44,958,968)	P416,821,601	P1,388,596,754
Retirement benefits liability	2,037,899	5,218,892	3,874,070	11,130,861
Unrealized foreign exchange gain	255,769	(235,729)	-	20,040
Accrued interest income	121,777	-	-	121,777
Unamortized discount on security deposit	-	33,904,904	-	33,904,904
Accrued rent income	-	21,964,711	-	21,964,711
	1,019,149,566	15,893,810	420,695,671	1,455,739,047
Deferred tax assets:				
Allowance for impairment losses on receivables	3,970,000	344,859	-	4,314,859
Unamortized past service cost	1,629,303	(515,843)	-	1,113,460
Accrued rent expense	1,190,900	(272,895)	-	918,005
Unearned revenues	460,077	(6,402)	-	453,675
Lease liabilities - net	-	737,044	-	737,044
Advanced rental	-	69,731,961	-	69,731,961
NOLCO	74,122,956	33,888,263	-	108,011,219
MCIT	-	37,690	-	37,690
Accrued interest expense on loan	36,000,000	17,977,137	-	53,977,137
	117,373,236	121,921,814	-	239,295,050
	P901,776,330	(P106,028,004)	P420,695,671	P1,216,443,997

Deferred tax assets have not been recognized by certain subsidiaries in respect of the following items in the table below because it is not probable that future taxable profits will be available against which the subsidiaries can utilize the benefits thereon prior to their expiration or reversal.

The BIR issued RR No. 25-2020 to implement Section 4 (b) of R.A. No. 11494, *Bayanihan to Recover as One Act*, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss. The said RR also defined taxable years 2020 and 2021 to include those corporations with fiscal years ending on or before June 30, 2021 and June 30, 2022, respectively.

	2020		2019	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect
NOLCO	**P23,045,158**	**P6,913,547**	P34,479,313	P10,343,794
MCIT	**51,814**	**51,814**	45,163	45,163
Allowance for impairment losses	**(194,220)**	**(58,266)**	(610,186)	(183,056)
	P22,902,752	**P6,907,095**	P33,914,290	P10,205,901

The movements of unrecognized net deferred tax assets of the Group are as follows:

	2020	2019
Balance at beginning of year	**P10,205,901**	P12,219,273
Unrecognized deferred tax assets during the year:		
NOLCO	**1,453,349**	2,294,175
MCIT	**6,651**	45,163
Impairment losses	**124,790**	184,621
Applied during the year:		
NOLCO	**-**	(736,896)
MCIT	**-**	(165,177)
Expiration of unrecognized deferred tax assets:		
NOLCO	**(4,883,596)**	(3,429,247)
MCIT	**-**	(206,011)
Balance at end of year	**P6,907,095**	P10,205,901

Details of unrecognized NOLCO are as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2020	2025	P4,844,498	P -	P -	P4,844,498

Details of unrecognized NOLCO not covered by R.A. No. 11494 are as follows::

Year Incurred	Expiry Date	NOLCO	Applied	Expired Amount	Remaining Amount
2019	December 31, 2022	P7,647,249	P -	P -	P7,647,249
2018	December 31, 2021	10,553,411	-	-	10,553,411
		P18,200,660	P -	P -	P18,200,660

Certain subsidiaries were required to pay MCIT under existing tax regulations. The MCIT payments and the applicable years that these will be deductible from future regular corporate income tax payable are shown below:

Year Incurred	Expiry Date	MCIT	Applied	Expired Amount	Remaining Amount
2020	December 31, 2023	P6,651	P -	P -	P6,651
2019	December 31, 2022	45,163	-	-	45,163
		P51,814	P -	P -	P51,814

20. Earnings Per Share

Earnings per share (EPS) is computed by dividing the net income for the year by the weighted average number of outstanding shares of common stock during the year.

	2020	2019 (As restated - Note 27)	2018
Net income attributable to equity holders of the Parent Company	**P394,555,853**	P439,574,045	P42,019,520
Weighted number of shares outstanding	**2,498,991,753**	2,498,991,753	2,498,991,753
Earnings per share - basic and diluted	**P0.158**	P0.176	P0.017

There are no potentially dilutive shares as at December 31, 2020, 2019 and 2018. Accordingly, diluted EPS is the same as basic EPS.

21. Financial Instruments - Risk Management and Fair Values

Risk Management Structure

BOD

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors and advances to a supplier), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of cash and cash equivalents (excluding cash on hand), receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI and other noncurrent assets (excluding advances to contractors), the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

As at December 31, the Group's maximum exposure to credit risk, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques are as follows (in thousands):

	Note	**2020**	2019 (As restated - Note 27)
Cash and cash equivalents*	*4*	**P1,175,381**	P673,397
Receivables	*5*	**573,587**	710,969
Notes receivable	*8*	**223,366**	235,729
Due from related parties	*8*	**3,316,565**	3,499,704
Short-term investments	*7*	**12,858**	14,662
Equity securities - at FVOCI	*8*	**69,736**	30,328
Other noncurrent assets **	*10*	**38,924**	39,776
		5,410,417	5,204,565
Less allowance for impairment losses	*5, 8*	**102,561**	103,040
		P5,307,856	P5,101,525

**Excluding cash on hand*
***Excluding advances to contractors and advances to a supplier*

The aging analyses of the Group's financial assets as at December 31, 2020 and 2019 are as follows (in thousands):

				Past Due but not Impaired					
December 31, 2020	*Note*	**Total**	**Neither Past Due nor Impaired**	**<30 Days**	**30 - 60 Days**	**61 - 90 Days**	**91 - 120 Days**	**> 120 Days**	**Impaired**
Cash and cash equivalents*	*4*	**P1,175,381**	**P1,175,381**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**
Receivables	*5*	**573,587**	**362,593**	**37,156**	**2,559**	**3,770**	**997**	**123,570**	**42,942**
Notes receivable	*8*	**223,366**	**223,366**	**-**	**-**	**-**	**-**	**-**	**-**
Due from related parties	*8*	**3,316,565**	**3,256,946**	**-**	**-**	**-**	**-**	**-**	**59,619**
Short-term investments	*7*	**12,858**	**12,858**	**-**	**-**	**-**	**-**	**-**	**-**
Equity securities - at FVOCI	*8*	**69,736**	**69,736**	**-**	**-**	**-**	**-**	**-**	**-**
Other noncurrent assets **	*10*	**38,924**	**38,924**	**-**	**-**	**-**	**-**	**-**	**-**
Total		**P5,410,417**	**P5,139,804**	**P37,156**	**P2,559**	**P3,770**	**P997**	**P123,570**	**P102,561**

**Excluding cash on hand*
***Excluding advances to contractors and advances to a supplier*

December 31, 2019 (As restated - Note 27)	Note	Total	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	Impaired
Cash and cash equivalents*	*4*	P673,397	P673,397	P -	P -	P -	P -	P -	P -
Receivables	*5*	710,969	361,601	107,967	20,051	15,477	108,270	54,182	43,421
Notes receivable	*8*	235,729	235,729	-	-	-	-	-	-
Due from related parties	*8*	3,499,704	3,429,906	-	-	-	-	10,179	59,619
Short-term investments	*7*	14,662	14,662	-	-	-	-	-	-
Equity securities - at FVOCI	*8*	30,328	30,328	-	-	-	-	-	-
Other noncurrent assets **	*10*	39,776	39,776	-	-	-	-	-	-
Total		P5,204,565	P4,785,399	P107,967	P20,051	P15,477	P108,270	P64,361	P103,040

**Excluding cash on hand*
***Excluding advances to contractors*

Impairment on the financial assets has been measured on a 12-month expected loss basis and reflects the short maturities of the exposure.

The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2020 and 2019 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there is sufficient working capital inflows to match repayments of short-term debt.

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2020 and 2019 based on contractual undiscounted payments (in thousands):

December 31, 2020	Note	Total Carrying Amount	Contractual Undiscounted Payments Total	On Demand	Less than 1 Year	> 1 Year
Accounts payable and accrued expenses*	*11*	**P1,894,080**	**P1,894,080**	**P1,894,080**	**P -**	**P -**
Loans payable	*13, 26*	**1,262,766**	**1,262,766**	**375,000**	**252,660**	**635,106**
Due to a related party	*8*	**3,119**	**3,119**	**3,119**	**-**	**-**
Lease liabilities	*24*	**130,660**	**681,466**	**-**	**15,137**	**666,329**
Other current liabilities**	*12*	**38,453**	**38,453**	**1,057**	**37,396**	**-**
Concessionaires' deposits - net of current portion	*14*	**131,004**	**237,437**	**-**	**-**	**237,437**
Retention payables	*14*	**55,499**	**55,499**	**-**	**-**	**55,499**
		P3,515,581	**P4,172,820**	**P2,273,256**	**P305,193**	**P1,594,371**

**Excluding local taxes and output VAT and withholding taxes payable*
***Excluding deferred income*

December 31, 2019	Note	Total Carrying Amount	Contractual Undiscounted Payments Total	On Demand	Less than 1 Year	> 1 Year
Accounts payable and accrued expenses*	*11*	P2,070,934	P2,070,934	P2,070,934	P -	P -
Loans payable	*13, 26*	1,540,426	1,540,426	375,000	275,000	890,426
Due to a related party	*8*	3,119	3,119	3,119	-	-
Lease liabilities	*24*	128,417	692,952	-	13,940	679,012
Other current liabilities**	*12*	41,638	41,638	1,064	40,574	-
Concessionaires' deposits - net of current portion	*14*	122,000	235,016	-	-	235,016
		P3,906,534	P4,584,085	P2,450,117	P329,514	P1,804,454

**Excluding local taxes and output VAT and withholding taxes payable*
***Excluding deferred income*

Market Risk
Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's financial instrument that is primarily exposed to interest risk is the interest-bearing loans payable (see Note 26).

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of $\pm$10 basis point in 2020 and 2019, with corresponding effect in equity. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loans payable held at the reporting date. All other variables are held constant.

	2020	
Changes in Interest Rates (in Basis Points)	**+10**	**-10**
Net income	**(P11,261,037)**	**P11,261,037**

	2019	
Changes in Interest Rates (in Basis Points)	+10	-10
Net income	(P11,978,391)	P11,978,391

The other financial instruments of the Group are either short-term or noninterest-bearing and are therefore not subject to interest rate risk.

Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

Equity Price Risk
Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed on the PSE totaling to 86.71 million shares as at December 31, 2020 and 2019 (see Note 8f). The Group has also investment in shares of stock of Pavilion Leisure & Entertainment Corp. (PLEC), amounting to P0.31 million, representing 14.2% of the total capital stock of PLEC. As at December 31, 2020 and 2019, PLEC has not yet started commercial operations, and no related party transactions have transpired between the Group and PLEC. Further, the Group has investment in shares of stock of WMPD amounting to P50.00 million representing 5% of the total capital stock of WMPD. (see Note 8f).

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

The following table illustrates the sensitivity of the Group's equity to a reasonably possible change in equity price. These changes are considered to be reasonably possible based on past equity price performance of the Group's equity securities - at FVOCI and macroeconomic forecast for 2020 and 2019. This analysis assumes an increase of 10% for 2020 and 2019 and a decrease of 10% for 2020 and 2019 of the equity price of the Group's equity securities - at FVOCI. All other variables are held constant:

	2020		2019	
	10%	**-10%**	10%	-10%
Equity	**P1,359,613**	**(P1,359,613)**	P1,226,079	(P1,226,079)

Fair Value of Financial Assets and Liabilities
The table below summarizes the carrying amounts and fair values of the Group's financial assets and liabilities as at December 31, 2020 and 2019 (in thousands):

	2020		2019 (As restated - Note 27)	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets				
Cash and cash equivalents	**P1,178,166**	**P1,178,166**	P676,757	P676,757
Receivables	**530,644**	**530,644**	667,549	667,549
Notes receivable	**223,366**	**223,366**	235,729	235,729
Due from related parties	**3,256,946**	**3,256,946**	3,440,085	3,440,085
Short-term investments	**12,858**	**12,858**	14,662	14,662
Equity securities - at FVOCI	**69,736**	**69,736**	30,328	30,328
Other noncurrent assets *	**38,924**	**38,924**	39,776	39,776
	P5,310,640	**P5,310,640**	P5,104,886	P5,104,886

**Excluding advances to contractors and advances to a supplier*

	2020		2019	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Liabilities				
Accounts payable and accrued expenses**	**P1,894,080**	**P1,894,080**	P2,070,934	P2,070,934
Loans payable	**1,262,766**	**1,262,766**	1,540,426	1,540,426
Due to a related party	**3,119**	**3,119**	3,119	3,119
Lease liabilities	**38,453**	**38,453**	128,417	128,417
Other current liabilities***	**130,660**	**130,660**	41,638	41,638
Concessionaires' deposits	**131,004**	**131,004**	122,000	122,000
Retention payables	**55,499**	**55,499**	-	-
	P3,515,581	**P3,515,581**	P3,906,534	P3,906,534

***Excludes local taxes, output VAT and withholding taxes*
****Excluding deferred income*

As at December 31, 2020 and 2019, the carrying values of the Group's financial instruments approximate fair values as follows:

- *Cash and Cash Equivalents, Receivables, Notes Receivable, Current Portion of Due from Related Parties, Short-term Investments, Accounts Payable and Accrued Expenses (excluding local taxes and output VAT and withholding taxes payable), Due to a Related Party and Other Current Liabilities (excluding deferred income).* The carrying values of these financial instruments approximate fair values due to their relatively short-term maturities.

- *Interest-bearing Due from Related Parties and Loans Payable.* The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

- *Equity Securities - at FVOCI.* The fair value of listed investment in shares of stock was determined using the closing market price of the investment listed on the PSE as of December 31, 2020 and 2019 while the cost of unquoted investments in shares of stock approximate their fair value as at reporting date.

- *Lease Liabilities.* The fair value of lease liabilities is based on the discounted value of expected future cash flows using the Group's IBR, thus, the carrying amount approximates fair value.

- *Other Noncurrent Assets (excluding advances to contractors and advances to a supplier) and Concessionaires' Deposits.* The fair value of other noncurrent assets (excluding advances to contractors and advances to a supplier) and concessionaires' deposits approximates the carrying amount as these are settled in fixed amounts upon maturity based on the contract executed.

- *Retention Payables.* The fair value of retention payables approximate their carrying amount because these are not subject to significant risk of change in value.

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2020 and 2019.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the omnibus loan and security agreement (see Note 26). Breaches in meeting the financial covenants would permit the bank to immediately call the loans. There were no breaches of the financial covenants in 2019. However, as at December 31, 2020, WCCCHI did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement (see Note 26).

22. Right to Provide Venue for Land-based Casinos

PAGCOR has granted the Group the right to provide venue for land-based casinos. By virtue of this right, the subsidiaries, namely WCCCHI, WMCHI and APHC, have existing lease agreements with PAGCOR (see Note 23).

In 2008, the Parent Company filed an application for a license of its planned integrated resort, *Grand Waterfront Casino and Hotel*, in Expo Pilipino Entertainment City, commonly known as Entertainment City.

However, PAGCOR failed to respond to the application, and the Parent Company filed legal action in 2015 which Manila RTC ruled in favor of the Parent Company. In 2018, the CA upheld the decision, and it ordered PAGCOR to issue the Parent Company a license similar to that of the integrated resorts currently existing in Entertainment City.

In February 2020, the Supreme Court denied the petition of PAGCOR for review and in October 2020, the Parent Company received the notice that the decision has become final and executory.

23. Lease Agreements with PAGCOR

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016. Thereafter, PAGCOR paid the WCCCHI and WMCHI rental on a month-to-month basis. The leases were renewed on February 15, 2018, for a period of 1 year. On May 29, 2019 the leases were further renewed until the year 2032.

APHC also has a lease agreement with PAGCOR covering the Main Area (7,093.05 sq.m.), Expansion Area A (2,130.36 sq.m.), Expansion Area B (3,069.92 sq.m.) and Air Handling Unit Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2016. As at December 31, 2017, PAGCOR continued to operate a portion of the lease area on a month-to-month basis while completing its pullout from APHC. The month-to-month lease of PAGCOR effectively ended on March 18, 2018 due to the fire incident (see Note 1).

Relative to the renewal of the contract, the security deposit equivalent to six (6) months advance rental amounting to P159.02 million and P73.42 million was received by WCCCHI and WMCHI, respectively, and presented as part of "Concessionaires' deposit" account in other noncurrent liabilities in the consolidated statement of financial position and were carried at its present value as at December 31, 2020 computed using an EIR of 5.51% over the term of the contract. The change in the present value and amortization of the discount is recognized as part of "Interest expense" account in the consolidated statement of profit or loss and other comprehensive income (loss). Interest expense recognized in 2020 and 2019 amounted to P6.58 million and P3.73 million, respectively. The amortized cost of the refundable security deposits was determined by calculating the present value of the cash flows anticipated until the end of the lease term using the interest rate of 5.51%. as the deposit does not have an active market, the underlying interest rate was determined by reference to market interest rates of comparable financial instruments.

In line with the amortization of the refundable security deposit, the Group recognized day one gain of P116.74 million in 2019 presented as part of "Interest income" account in the statement of profit or loss and other comprehensive income (loss).

The undiscounted amounts and the related unamortized discount are as follows:

	Note	**2020**	2019
PAGCOR security deposits		**P237,436,983**	P235,016,350
Unamortized discount		**(106,432,767)**	(113,016,347)
	14	**P131,004,216**	P122,000,003

In addition, in 2019, WCCCHI and WMCHI also received advance rentals equivalent to 6 months amounting to P159.02 million and P73.42 million, respectively. These advance rentals are presented as part of "Advance rentals" account in other noncurrent liabilities and are carried at cost (see Note 14) .

Total rental income from the above PAGCOR lease contracts recognized as part of "Rent and related income" in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P550.96 million, P519.36 million and P428.63 million in 2020, 2019 and 2018, respectively.

24. Other Lease Agreements

<u>Group as Lessor</u>

Lease Agreements with Concessionaires

WCCCHI, WMCHI, DIHCI and APHC have lease agreements with concessionaires for the commercial spaces available in their respective hotels. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.

Security deposits received from other concessionaires amounted to P8.89 million and P9.65 million as at December 31, 2020 and 2019, respectively (see Note 12).

Rent revenue recognized as part of "Rent and related income" in the consolidated statement of profit or loss and other comprehensive income (loss) and amounted to P28.51 million, P48.57 million and P47.70 million in 2020, 2019 and 2018, respectively.

<u>Group as Lessee</u>

Land under Operating Lease

On September 15, 1994, Waterfront Hotel and Resort Sdn. Bhd. (WHR), a former related party, executed a lease contract (the Agreement) with Mactan Cebu International Airport Authority (MCIAA) for the lease of certain parcels of land where the hotels were constructed. On October 14, 1994, WHR assigned its rights and obligations under the MCIAA contracts to WCCCHI and WMCHI.

WCCCHI and WMCHI shall pay MCIAA fixed rentals per month plus a 2% variable rent based on the annual gross revenues of WCCCHI and WMCHI, as defined in the Agreement. The leases are for a period of fifty (50) years, subject to automatic renewal for another 25 years, depending on the provisions of the applicable Philippine laws at the time of renewal.

WCCCHI also entered into a lease agreement for the use of access road from the hotel property to the main road for a period of 3 years commencing on January 1, 2020 subject to renewal upon mutual agreement of both parties.

Information about leases for which the Group is a lessee is presented below.

The right-of-use assets movement is as follows:

	2020	2019
Cost		
At January 1	**P128,493,849**	P128,493,849
Additions	**3,292,311**	-
At December 31	**131,786,160**	128,493,849
Accumulated Depreciation		
At January 1	**2,533,979**	-
Depreciation	**3,631,416**	2,533,979
At December 31	**6,165,395**	2,533,979
Carrying Amount	**P125,620,765**	P125,959,870

Set out below is the carrying amount of the lease liabilities and the movements during the period:

	2020	2019
At January 1	**P128,416,683**	P128,493,849
Additions	**3,292,311**	-
Accretion of interest	**14,031,205**	13,863,201
Rent concession	**(3,474,244)**	-
Accrued rent	**(7,551,030)**	-
Payments	**(4,055,092)**	(13,940,367)
At December 31	**P130,659,833**	P128,416,683

The outstanding balance of the lease liabilities is presented in the consolidated statement of financial position as follows:

	2020	2019
Current portion	**P1,188,032**	P85,315
Noncurrent portion	**129,471,801**	128,331,368
Total	**P130,659,833**	P128,416,683

Future undiscounted rental payments are as follows:

	2020	2019
Less than one year	**P15,137,367**	P13,940,367
One to five years	**64,559,193**	55,761,468
More than five years	**601,769,333**	623,250,575
	P681,465,893	P692,952,410

Amounts Recognized in Profit or Loss

	2020	2019
Leases under PFRS 16		
Depreciation of right-of-use assets	**P3,631,416**	P2,533,979
Interest expense related to lease liabilities	**14,031,205**	13,863,201
Variable lease payments	**7,580,181**	24,245,365
Expenses relating to short-term leases including VAT on lease payments	**817,031**	2,305,300
Income due to rent concession	**(3,474,244)**	-

	2018
2018 - Operating leases under Philippine Accounting Standard (PAS) 17	
Rent expense	P38,396,115

Amount Recognized in the Statement of Cash Flows

	2020	2019	2018
Total cash outflow for leases	**P4,055,092**	P13,940,367	P -

The interest expense associated with the lease liabilities for the years ended December 31, 2020, 2019 and 2018 amounted to P14.03 million, P13.86 million and nil, respectively. Interest expense is derived using the Group's IBR of 10.79% as at January 1, 2019 for the Agreement with MCIAA and IBR of 7.09% as at January 1, 2020 for the lease agreement for the use of access road. Total lease payments made by the Group in 2020, 2019 and 2018 amounting to P4.06 million, P13.94 million and nil, respectively, is presented as "Payment of lease liabilities" in the consolidated statement of cash flows.

In 2020, the Group was granted rent discount as a result of the severe impact of the COVID-19 pandemic. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions.

In 2020, the Group recognized income from rent concession amounting to P3.47 million as part of "Other Revenues" in the consolidated statement of profit or loss and other comprehensive income (loss) to reflect the discount on lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concession.

Extension Options

Extension options are included in the Group's lease of its land. The contracts of lease state an automatic renewal of lease upon expiration of the initial contract period.

Total rent expense for the aforementioned leases amounted to P8.40 million, P26.55 million and P38.40 million in 2020, 2019 and 2018, respectively, in the consolidated statement of profit or loss and other comprehensive income (loss).

25. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group:

a. On November 10, 2008, the Parent Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Parent Company sent a protest letter to BIR contesting the said assessment. On February 18, 2009, the Regional Office of the BIR sent a letter to the Parent Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification.

   On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

   In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. The Parent Company decided not to contest the EWT assessment. The BIR filed its MR on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at the date of BOD's approval of the consolidated financial statements, the Parent Company is still awaiting the SC's decision.

Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

b. WMCHI has a tax case involving VAT assessment for the taxable year 2006. The case was elevated to the CTA in 2011. In 2012, WMCHI offered its formal evidence to the court. In its decision promulgated on May 31, 2013, the CTA cancelled the VAT assessment in its entirety. The BIR filed a MR that was denied by the CTA in its resolution promulgated on August 16, 2013. The BIR appealed the case to the CTA sitting En Banc on September 20, 2013. On September 15, 2015, the CTA reaffirmed the decision cancelling the VAT assessment. In March 9, 2016, the BIR filed with the SC its motion for extension of time to file its appeal.

   On September 2, 2020, the SC denied the BIR appeal and affirmed the CTA decision and CTA En Banc resolution that cancelled the 2006 VAT assessment.

   As at the date of the BOD's approval of the consolidated financial statements, the SC's decision is yet to become final and executory as the issuance by the Supreme Court of the Notice of Final Judgment and Writ of Execution by the CTA is still pending.

c. *APHC versus PAGCOR and Hon. Young, et al.*

   APHC versus PAGCOR, et al.
   The case involved a Petition for Prohibition and Mandamus (the 1st petition), with application for the issuance of a Temporary Restraining Order (TRO) and writ of preliminary injunction filed by APHC against PAGCOR and Vanderwood Management Corp. (VMC). APHC filed this case to assail PAGCOR's award of VMC of a procurement project entitled "Lease Space for a Casino Gaming Facility in Manila for a Period of Fifteen (15) Years" under Invitation to Bid No. 09-16-2014 for being violative of the laws and rules on government procurement.

   PAGCOR and VMC filed their respective comments/answers to APHC's 1st petition. Subsequently, VMC filed its "Motion to Admit Attached Supplemental Comment/Answer with Compulsory Counterclaim" (the Motion to Admit) on August 10, 2015, to which APHC filed an opposition to VMC's Motion to Admit. In an order dated September 5, 2016, the Court denied VMC's Motion to Admit. The RTC of Manila, Group 36, (the Court) likewise denied the Motion for Reconsideration filed by VMC in an order dated February 28, 2017.

   At the pre-trial conference on October 4, 2016, the Court referred the parties to the Philippine Mediation Center for mediation proceedings. After the termination of the mediation proceedings, the case was returned to the Court for the Judicial Dispute Resolution (JDR) proceedings. The JDR conference was set on May 2, 2017 and was reset to February 6, 2018.

In its order dated February 6, 2018, the Court terminated the JDR proceeding and forwarded the case to the Office of the Executive Judge for re-raffle. In its "Notice of Re-raffle" dated February 21, 2018, the Court informed the parties that the case was raffled to Group 20.

On April 16, 2018, APHC filed its "Amended Pre-Trial Brief" dated April 13, 2018. VMC and PAGCOR likewise filed their respective Amended Pre-trial Briefs. The pre-trial conference was terminated on June 1, 2018.

During the trial, APHC presented its witnesses. On July 23, 2018, APHC filed its "Formal Offer of Documentary Evidence" dated July 19, 2018. PAGCOR and VMC filed their respective comments on APHC's "Formal Offer of Documentary Evidence". The Court denied their objections and admitted APHC's documentary evidence.

Meanwhile, PAGCOR filed its "Demurrer to Evidence" dated October 17, 2018, which the court denied in its Order dated November 8, 2018 for being fatally defective. VMC, on the other hand, presented its witnesses and thereafter, it rested its case. Thus, the Court ordered VMC to file its "Formal Offer of Exhibits".

In its Orders dated January 28 and February 18, 2019, the court admitted Vanderwood's and PAGCOR's respective documentary evidence, despite APHC's objections and comments. After the parties filed their respective memoranda, the case was submitted for decision.

In its decision dated June 28, 2019, the court dismissed the APHC's Petition. APHC filed its Motion for Reconsideration on August 12, 2019, which the court denied in its Resolution dated October 11, 2019.

APHC timely filed its Notice of Appeal with the court on October 21, 2019 and was given due course. As at the date of the BOD's approval of the consolidated financial statements, there was no update on the progress of the case.

APHC versus Hon. Young, et al.
In connection with the APHC versus PAGCOR, et al. case, the Court, in a resolution dated June 18, 2015, denied APHC's application for TRO. APHC thereafter filed a Motion for Reconsideration on July 6, 2015. The said motion for reconsideration was denied by the Court on August 1, 2016.

On October 21, 2016, APHC filed with the CA a Petition for Certiorari (the 2nd petition), with application for TRO and/or writ of preliminary injunction, to assail the Court's resolutions dated June 18, 2015 and August 1, 2016. VMC and PAGCOR filed their respective comments to the 2nd petition, to which APHC filed its Consolidated Reply on December 19, 2016.

In a resolution dated January 25, 2017, the CA denied APHC's applications for the TRO and writ of preliminary injunction, and directed the parties to submit their respective memoranda. In compliance with the CA's directive, APHC filed its memorandum on February 13, 2017. VMC also filed its memorandum dated February 16, 2017, while PAGCOR filed its memorandum dated February 14, 2017.

In a resolution dated March 3, 2017, the CA considered APHC's Petition for Certiorari as submitted for decision.

In its decision dated February 27, 2018, the CA denied APHC's Petition for Certiorari. APHC moved for the reconsideration of said decision, which the CA denied in its resolution dated August 29, 2018. APHC opted not to appeal the decision any further. The said decision became final and executory on September 30, 2018. In view thereof, the trial in the above case, APHC versus PAGCOR, et al., ensued.

d. In the normal course of business, the Group enters into commitments and encounters certain contingencies, which include a case against a contractor of one of its hotels for specific performance. Management believes that the losses, if any, that may arise from these commitments and contingencies would not be material to warrant additional adjustment or disclosure to the consolidated financial statements.

The Group is defendant in other legal cases which are still pending resolution. Management and legal counsels believe that the outcome of these cases will not have any material effect on the Group's financial position and financial performance.

26. Omnibus Loan and Security Agreement

On December 21, 2017, the Parent Company, WCCCHI, WMCHI, DIHCI, CRDC and PRC (collectively, the Borrowers) entered into the Agreement with PBCOM for the latter to provide the Borrowers multiple term loan facilities (the Loan Facilities) for general corporate purposes in the maximum aggregate amount of up to P1.50 billion.

The Loan Facilities consist of the following:

Facility 1 - represents secured term loan facility in the amount of P850.00 million available through a single or multiple drawdowns with term of fifty-four (54) months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Commitment period means the period commencing from the date of the agreement and terminating on the earliest of: (a) 6 months from the signing of the Agreement; (b) the date when the commitment is fully drawn or availed by mutual agreement of the parties; or (c) the date when the commitment is terminated or cancelled in accordance with the terms of the Agreement.

Facility 2 - represents secured term loan facility in the amount of P200.00 million available through a single or multiple drawdowns with term of fifty-four (54) months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

Facility 3 - represents secured term loan facility in the amount of P450.00 million available through a single or multiple drawdowns with term of forty-two (42) months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Facility 3 requires, on or before the initial drawdown date, the borrower to cause the relevant mortgagors to constitute in favor of PBCOM a first ranking real estate mortgage over Davao Agricultural Property located at Matina, Pangi, Tolomo, Davao City consisting of parcels of agricultural real property containing an aggregate area of seventy (70) hectares registered in the names of CRDC and PRC, and Locob property still registered in the name of an individual, and register such security interest with appropriate Registry of Deeds.

The loan principal is repayable on equal monthly installments to commence at the end of sixth (6th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of four (4)-year PDSTR2 rate on the date of availment and spread of 3.25% per annum or 7.75% per annum, and repayable monthly from the drawdown date.

The Loan Facilities are secured by chattel and real mortgages over various operating assets of WCCCHI and DIHCI; real estate mortgages over Davao Agricultural Property; assignment over leasehold rights on the land owned by MCIAA on which WCCCHI stands; and pledge of shares of stocks representing ownership of the Parent Company in WCCCHI and DIHCI.

Each of the Borrowers is required to comply with certain covenants during the term of the Agreement and until the full payment of the amounts due which include, among others:

1. Debt to Equity Ratio of not higher than 2.5:1;
2. Debt Service Coverage Ratio of at least 1.25x; and
3. To appoint PBCOM's nominees as Corporate Secretary in WCCCHI and DIHCI and nominate and elect such number of PBCOM's nominees as will comprise the majority of the Board of Directors in WCCCHI and DIHCI, provided however, that the exercise of the abovementioned proxy and/or voting rights granted to PBCOM shall be exercised solely for the purpose of protecting, preserving, and enforcing its rights and interests under the Agreement and shall not be used by the latter to effect any takeover of the day-to-day operations of said corporations.

4. Negative covenants which prohibit each of the Borrowers to:

   - Change the nature or scope of its business as presently conducted, or liquidate or dissolve, or enter into any consolidation, merger, pool, joint venture, syndicate or other combination, or sell, lease or dispose of a substantial portion (as determined by PBCOM) of its business or assets, with market or book value of P500.00 million or more;
   - Permit any change in ownership (direct or indirect), management or control of its business, which results in the present majority stockholders ceasing to hold, whether directly or indirectly through any person beneficially, at least sixty-eight percent (68%) of the direct or indirect beneficial or economic interest in each of the Borrowers;
   - Declare or pay dividends to stockholders and make any capital or asset distribution to stockholders;
   - Purchase, redeem, retire or otherwise acquire for value any of capital stock now or hereafter outstanding (other than as a result of the conversion of any shares of capital stock into shares of any other class of capital stock), return any capital to its stockholders as such, or make any distribution of assets to its stockholders as such (other than distribution payable in shares of its own outstanding capital stock);
   - File any legal action to question any corporate act or transaction;
   - Extend any loans, advances or subsidies to any corporation, partnership or entity owned by the Borrowers or in which it may have equity, other than advances in the ordinary course of business; and
   - Extend any loans or advances to any of its directors, officers, stockholders, affiliates and partners other than advances in the ordinary course of business.

As at December 31, 2020, WCCCHI did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement. While there was such non-compliance, the Agreement provides a process including notifications between the Group and PBCOM prior to a declaration of default. In relation to this, the Group notified PBCOM of the said breach which was subsequently waived by the latter. Thus, the noted breach did not result in an event of default and did not have the effect of rendering the loans immediately due and demandable.

As at December 31, 2019, the Borrowers were in compliance with the above covenants.

All drawdowns were made by WCCCHI. The outstanding balances of the loans under the Loan Facilities are as follows:

2020

Loan Facility	**Current Portion**	**Noncurrent Portion**	**Outstanding Balance**
Facility 1	**P102,127,660**	**P518,085,106**	**P620,212,766**
Facility 2	**25,531,915**	**117,021,276**	**142,553,191**
Facility 3	**125,000,000**	**-**	**125,000,000**
	P252,659,575	**P635,106,382**	**P887,765,957**

2019

Loan Facility	Current Portion	Noncurrent Portion	Outstanding Balance
Facility 1	P100,000,000	P622,340,426	P722,340,426
Facility 2	25,000,000	143,085,106	168,085,106
Facility 3	150,000,000	125,000,000	275,000,000
	P275,000,000	P890,425,532	P1,165,425,532

The drawdowns and payments made under the Loan Facilities are presented below:

2020

Loan Facility	**Drawdown Date**	**Maturity Date**	**Payment Terms**	**Monthly Amortization**	**Principal**	**Principal Payments**	**Outstanding Balance**
Facility 1	3/13/2018	9/12/2022	54 months	P8,510,638	P850,000,000	P229,787,234	P620,212,766
Facility 2	3/20/2018	9/19/2022	54 months	2,127,660	200,000,000	57,446,809	142,553,191
Facility 3	4/10/2018	10/9/2021	42 months	12,500,000	450,000,000	325,000,000	125,000,000
					P1,500,000,000	**P612,234,043**	**P887,765,957**

2019

Loan Facility	Drawdown Date	Maturity Date	Payment Terms	Monthly Amortization	Principal	Principal Payments	Outstanding Balance
Facility 1	3/13/2018	9/12/2022	54 months	P8,333,333	P850,000,000	P127,659,574	P722,340,426
Facility 2	3/20/2018	9/19/2022	54 months	2,083,333	200,000,000	31,914,894	168,085,106
Facility 3	4/10/2018	10/9/2021	42 months	12,500,000	450,000,000	175,000,000	275,000,000
					P1,500,000,000	P334,574,468	P1,165,425,532

Total interest expense arising from the Loan Facilities recognized in the consolidated statement of profit or loss and other comprehensive income (loss) amounted to P87.27 million, P119.78 million and P101.48 million in 2020, 2019 and 2018, respectively.

27. Restatement of Balances

Adjustments were made to restate the comparative 2019 consolidated financial statements due to correction of errors, as follows:

a. Understated Rent Income from PAGCOR
The Group restated the comparative 2019 consolidated financial statements to correct an error related to "Rent and related income" particularly, on the escalation of the rental rate provisions of the PAGCOR lease contract. This caused an understatement of the rental income recognized in 2019 in the consolidated statement of profit or loss and other comprehensive income (loss), by P57.28 million, and corresponding understatement of "Trade and other current receivables" by the same amount, "Deferred tax liabilities" and "Income tax expense" both by P17.18 million as at December 31, 2019.

b. Unrecorded Investments
Adjustments were made to recognize investments in subsidiaries, WIHI, WPPHI and WCVI, that were not recorded by the Parent Company as at December 31, 2019 and thus, were not included in the consolidation. Also, the restatements included an investment in WMPD representing 10% of the total capital stock that was not recognized in "Equity securities - at FVOCI" amounting to P12.50 million as at December 31, 2019. The related accounts with corresponding amounts in the Group's consolidated financial statements as at and for the year ended December 31, 2019, that were affected by the said adjustments are shown in the summary below.

Summary of Quantitative Impact
The following tables summarize the impact of the correction of errors on the Group's consolidated financial statements as at and for the year ended December 31, 2019.

	Note	As Previously Reported	Effect of Restatements	As Restated
Statement of Financial Position				
Cash and cash equivalents	*27b*	P675,355,640	P1,401,654	P676,757,294
Receivables - net	*27a*	610,269,885	57,278,673	667,548,558
Due from related parties - current portion	*27b*	2,423,992,894	(114,282,842)	2,309,710,052
Equity securities - at FVOCI	*27b*	17,827,920	12,500,000	30,327,920
Property and equipment - net	*27b*	6,617,313,773	96,870,000	6,714,183,773
Deferred tax liabilities	*27a*	1,438,555,445	17,183,602	1,455,739,047
Retained earnings	*27a, 27b*	515,575,652	36,583,883	552,159,535

	Note	As Previously Reported	Effect of Restatements	As Restated
Statement of Profit or Loss and Other Comprehensive Income (Loss)				
Rent and related income	*27a*	P510,653,504	P57,278,673	P567,932,177
Other costs and expenses	*27b*	443,006,419	3,512,842	446,519,261
Interest income	*27b*	285,332,328	1,654	285,333,982
Income tax expense	*27a*	141,147,012	17,183,602	158,330,614

The above adjustments did not have any significant impact on the Group's consolidated statement of cash flows and its compliance with the loan covenants.

28. Other Matter - Continuing Impact of COVID-19

The COVID-19 outbreak has spread across the globe causing disruptions to businesses and economic activities. On January 30, 2020, the World Health Organization announced COVID-19 as a global health emergency and, on March 11, 2020, declared it as a pandemic.

As at the date of the authorization for issue of the financial statements, Cebu City and Lapu-Lapu City have been placed under Modified General Community Quarantine (MGCQ) while Davao City and Metro Manila have been placed under General Community Quarantine (GCQ) but with Metro Manila under heightened restrictions.

Cebu City and Lapu-Lapu City
Under Section 5 of the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines, with amendments as of April 15, 2021, areas placed under MGCQ shall observe the following protocols:

- Gatherings shall be allowed up to 50% of the seating capacity or venue capacity. Provided, that participants shall strictly observe the minimum public health standards, and the establishments or venues where the gatherings will take place shall strictly comply with ventilation standards as provided for under relevant issuances of the Department of Labor and Employment.
- Only hotels or accommodation establishments with valid Department of Tourism (DOT) Accreditation shall be allowed to accommodate guests and clients for legitimate purposes under a state of public health emergency. The operations of such hotels and accommodation establishments, as well as ancillary establishments within their premises such as restaurants, cafés, gyms, spas, function halls, and the like, shall be subject to guidelines issued by the DOT and the Inter-Agency Task Force on Emerging Infectious Diseases (IATF).

PAGCOR operations resume to date with provisions of the Health and Safety Standards for Resumption of Operations of Gaming Sites, as follows:

1. The increase in the number of seating capacity for poker tables across PAGCOR licensed poker clubs shall be allowed, subject to the following conditions:

    i. Strict compliance with 1 meter distance between seats;
    ii. Installation of acrylic walls or barriers in between seats; and ,
    iii. Mandatory wearing of facemask and face shield by all persons inside the poker club.

2. Poker operators shall be allowed to refurbish, widen and/or customize their poker tables accordingly to further increase its seating capacity subject to the same conditions above, including assembling at maximum two (2) existing poker tables into one to form a larger a single poker tables into one to form a larger single poker table shall count as one active table.

Davao City
Under Executive Order (EO) No. 12-B, *An Order Providing For Updated COVID-19 Protocols in Davao City*, the following must be observed:

- A gathering of more than 25 individuals for a single event or activity in all public places is considered a mass gathering and shall not be allowed except those covered by Section 8 of EO No. 12-B. A gathering of less than 25 participants in all public places do not need to seek a permit from the City Mayor’s Office or pay fees, unless required by pertinent laws and ordinances. A letter with the event details by email or hard copy shall suffice for the purposes of inspection to the compliance of the Minimum Public Health Standards in Section 1 of EO No. 12-B.
- All meetings of government and private offices and establishments conducted inside their premises shall use online platforms. A face-to-face meeting of more than five (5) individuals shall be prohibited.

Under DTI Memorandum Circular No. 21-08, areas under GCQ shall observe below protocols for hotel operations:

- Hotel operations shall be limited to provision of basic accommodation services; accommodation establishments may prepare: (a) packed meals for distribution to guests; and (b) food orders for take-out and delivery; and
- Ancillary establishments such as bars, gyms, spas, and the like shall not be allowed to operate or to provide room service. For restaurants and cafes, they are allowed to operate at 30% seating capacity, provided that guests under quarantine shall not be permitted to dine in or enter.

Metro Manila
Under Section 4 of the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines, with amendments as of April 15, 2021, areas placed under GCQ shall observe below protocol for hotel operations:

- Only hotels or accommodation establishments with valid DOT Accreditation shall be allowed to accommodate guests and clients for legitimate purposes under a state of public health emergency. The operations of such hotels and accommodation establishments, as well as ancillary establishments within their premises such as restaurants, cafés, gyms, spas, function halls, and the like, shall be subject to guidelines issued by the DOT and IATF.
- Gatherings outside of residences shall be prohibited. Gatherings at residences with any person outside of one's immediate household, shall likewise be prohibited. However, gatherings that are essential for the provision of health services, government services, or humanitarian activities authorized by the appropriate government agency or instrumentality shall be allowed.

Further, all public and private construction projects shall be allowed, subject to strict compliance with the Revised Construction Safety Guidelines issued by the Department of Public Works and Highways for the implementation of infrastructure projects during the COVID-19 pandemic.

Forecast in Hotel Industry
Recovery in hotel industry is likely to take stages. Domestic leisure travel will fuel the first phase of recovery. The second phase of recovery is likely to occur in the second quarter of 2021, with small and medium events. The third phase of recovery is expected to resume in the third quarter of 2021, with group and business travel. Business travel revenue is unlikely to return to a 2019 level until 2024.

Status of Hotel Operations (Excluding APHC)
The Group opened its facilities and functions for special events and accommodated local guests through online bookings and walk-ins, government groups and corporate clients which include airline, telecommunication and utilities companies. The Group's average occupancy rate from January to April 2021 ranged between 4% to 37%. Despite the mitigating actions the Group has taken, such as significant reduction in the level of capital and operational expenditures in the short term, limiting the outflows to only required compliance with health and safety and pausing all nonessential spending, the reduction in operations and the continuing impact of the COVID-19 pandemic to the hotel industry will result in a continuously low level of revenue for the financial year ending December 31, 2021. Accordingly, the Group may sustain a low level of profit during that period.

As at the date of the authorization for issue of the financial statements, the Group operates at levels which are in accordance with the respective guidelines per quarantine classification in the respective locations where it operates. The Group operates in full compliance with government mandates on hygiene and with emphasis on the prevention of virus spread.

Status of APHC Operation
As at the date of the authorization for issue of the financial statements, APHC's reconstruction and restoration are still ongoing, but construction activities have been affected by the ongoing impact of COVID-19 pandemic (see Note 1).

Omnibus Security and Loan Agreement Covenants
As of December 31, 2020, WCCCHI's debt service coverage ratio has fallen below the agreed threshold, but the Group was able to obtain a waiver for the breach (see Note 26). As at the date of the authorization for issue of the financial statements, the Group is not in default and continues to pay the maturing interest and principal as they fall due.

Impairment of Nonfinancial Assets
Depending on the length of industry and operational limitations and in the absence of further economic improvements, the Group's response to the COVID-19 outbreak may result in indicators of impairment, potentially impacting the carrying values of property and equipment, right-of-use assets and other nonfinancial assets.

Financial Risk Management
The COVID-19 outbreak has resulted in changes of market interest rates which the Group is exposed to. Refer to Note 21 for the Group's approach to financial risk management and sensitivity analysis.

Financial Reporting Effect
The Group has assessed that COVID-19 will continue to have significant impact on its operations. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's consolidated financial statements when these become estimable.

29. Subsequent Event

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the CREATE Act that are relevant to the Group.

a) Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5.00 million and with total assets not exceeding P100.00 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.

b) MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

On April 8, 2021, the BIR issued the following implementing RR that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of RR No. 2-98, As Amended, to Implement the Amendments Introduced by R.A. No. 11534, or the CREATE Act, to the National Internal Revenue Code (NIRC) of 1997, As Amended, Relative to the Final Tax on Certain Passive Income;*

- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 of R.A. No. 11534, Otherwise Known as the CREATE Act, Amending Section 20 of the NIRC of 1997, As Amended;*

- BIR RR No. 4-2021, *Implementing the Provisions on VAT and Percentage Tax Under R.A. No. 11534, Otherwise Known as the CREATE Act, Which Further Amended the NIRC of 1997, As Amended, As Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended; and*

- BIR RR No. 5-2021*, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to R.A. No. 11534 or the CREATE Act, Which Further Amended the National Internal Revenue Code of 1997, As Amended.*

The enactment of the CREATE Act is a non-adjusting subsequent event thus, the current and deferred income taxes as at December 31, 2020 are measured using the applicable income tax rates as of December 31, 2020.

Further, the BIR has issued its RR No. 5-2021 to promulgate the implementation of the new income tax rates on the regular income of corporations, on certain passive incomes and additional allowable deductions of persons engaged in business or practice of profession as provided for in CREATE Act. The corporate income tax of the subsidiaries will be lowered from 30% to either 25% or 20% on whichever they would qualify, effective July 1, 2021.

Presented below are the estimated effects of changes in tax rates under the CREATE Act.

	As at December 31, 2020	Effect of the Changes in Tax Rates	Amounts Based on the Reduced Tax Rates
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Loss)			
Current tax expense	**P95,787,735**	**(P9,700,782)**	**P86,086,953**
Deferred tax expense (benefit)	**27,809,330**	**(164,225,604)**	**(136,416,274)**
Net income	**683,466,349**	**173,926,386**	**857,392,735**
Deferred tax effect on remeasurement gains on defined benefit plan, unrealized gains on equity securities - at FVOCI and appraisal increase on property and equipment	**(570,844,827)**	**94,992,881**	**(475,851,946)**
Total comprehensive income (loss)	**2,009,028,188**	**268,919,267**	**2,277,947,455**
Consolidated Statement of Financial Position			
Prepaid expenses and other current assets	**210,536,585**	**(317,244)**	**210,219,341**
Deferred tax assets	**167,667,132**	**12,161,000**	**179,828,132**
Income tax payable	**65,326,208**	**(9,383,538)**	**55,942,670**
Deferred tax liabilities	**1,982,765,286**	**(271,379,485)**	**1,711,385,801**
Consolidated Statement of Changes in Equity			
Revaluation surplus on property and equipment	**3,823,685,321**	**269,136,617**	**4,092,821,938**
Retirement benefits reserve	**126,222,421**	**1,211,281**	**127,433,702**
Retained earnings	**1,113,890,733**	**(1,428,631)**	**1,112,462,102**

30. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the adoption of amendments to standards as discussed below.

Adoption of Amendments to Standards and Framework
The Group has adopted the following amendments to standards and framework starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- COVID-19-Related Rent Concessions (Amendment to PFRS 16). The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if:

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before June 30, 2021; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

  The amendment is effective for annual reporting periods beginning on or after June 1, 2020. The Group has early adopted and applied the amendment retrospectively. The amendment has no impact on retained earnings at January 1, 2020. However, as a result of applying the amendment, the Group recognized an income in 2020 amounting to P3.47 million (see Note 24).

- Amendments to References to Conceptual Framework in PFRSs set out amendments to PFRSs, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;
  - guidance on reporting financial performance;
  - improved definitions of an asset and a liability, and guidance supporting these definitions; and
  - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- Definition of Material (Amendments to Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors)*. The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  (a) raising the threshold at which information becomes material by replacing the term ‘could influence’ with ‘could reasonably be expected to influence’;
  (b) including the concept of ‘obscuring information’ alongside the concept of ‘omitting’ and ‘misstating’ information in the definition;
  (c) clarifying that the users to which the definition refers are the primary users of general-purpose financial statements referred to in the Conceptual Framework;
  (d) clarifying the explanatory paragraphs accompanying the definition; and
  (e) aligning the wording of the definition of material across PFRSs and other publications.

  The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Subsidiaries
Subsidiaries are entities controlled by the Parent Company. The Parent Company controls an entity if and only if, the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the 3 elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.

The accounting policies of subsidiaries are being aligned with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Accounting for NCI
NCI represents the portion of profit or loss, OCI and the net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from the Parent Company's equity.

Acquisitions of NCI are accounted for as transaction with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. The adjustments to NCI, if any, are based on a proportionate amount of the net assets of the subsidiary.

Loss of Control
Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any noncontrolling interests and other components of equity related to the subsidiary. Any surplus or deficit resulting from loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an equity security - at FVOCI depending on the level of influence.

Transactions Eliminated on Consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Segment Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's operating businesses are organized and managed separately according to hotel property location, with each segment representing a strategic business unit.

Revenue Recognition
Revenue from Contracts with Customers
The Group's business is primarily engaged in offering hotel rooms and facilities such as restaurants, function halls, coffee shops and all adjuncts and accessories thereto.

The Group recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer.

The following is a description of principal activities from which the Group generates its revenue. Revenue is disaggregated by major products/service lines as reflected in the consolidated statement of profit or loss and other comprehensive income.

Hotel Rooms and Function Halls
Revenue from hotel rooms and function halls is recognized at the point in time when control of the asset is transferred to a customer, generally on actual occupancy. The normal credit terms for lease of hotel rooms and function halls is 30 days, when payment is made on credit.

Food and Beverage
Revenue from food and beverage is recognized at the point in time when the goods have been delivered.

Rent and Related Income
Rental income on leased areas of the Group is accounted for on a straight-line basis over the term of the lease.

Other Operating Departments
Revenue from other operating departments is recognized at the point in time when the service has been rendered. This includes guest, laundry and valet, parking fees, among others.

Interest Income
Interest income is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

Other Income
Other income is recognized at the point in time when the service has been rendered.

Determination of whether the Group is Acting as a Principal or an Agent
The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the goods and services;
- whether the Group has inventory risk before or after the customer order; and
- whether the Group has discretion in establishing prices.

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Group has determined it is acting as agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense are reported on an accrual basis.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition
Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates these classifications at each reporting date.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Measurement at Initial Recognition
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

Classification of Financial Assets
Financial Assets
On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL, based on their contractual cash flow characteristics and the business model for managing the financial assets.

Debt Instruments
Financial Assets Measured at Amortized Cost
A financial asset that is a debt instrument, other than those that are designated at FVTPL, which meet both of the following conditions:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Included in this category are the Group's cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments and other noncurrent assets.

Cash
Cash includes cash on hand and in banks which are stated at face value.

Receivables

Receivables are nonderivative financial assets with fixed or determinable payments and are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. These are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Short-term Investments

Short-term investments are certificates of deposit which are highly liquid with maturities of more than 3 months but less than 1 year from date of acquisition and are subject to an insignificant risk of change in value.

Refundable Deposits

Refundable deposits are payment made by the Group to its lessors at the inception of the respective lease agreements entered into by the Group.

FVOCI

A financial asset that is a debt instrument measured at FVOCI shall meet both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Included in this category is the Group's equity securities at FVOCI.

FVTPL

All other financial assets not measured at FVOCI or at amortized cost are classified as measured at FVTPL, except when the financial asset is part of a hedging relationship. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

There are no financial assets at FVTPL as at the date of initial application and as at December 31, 2020 and 2019.

Equity Instruments

Financial assets that are equity instruments shall be classified under any of the following categories:

- Financial assets measured at FVTPL which shall include financial assets held for trading; or
- Financial assets at FVOCI which shall consist of equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, *Business Combinations,* applies. This election is made on an instrument-by-instrument basis.

As at December 31, 2020 and 2019, the Group has equity securities - at FVOCI as financial assets measured at FVOCI.

Business Model Assessment

Business model pertains to the manner by which a portfolio of financial assets will be managed to generate cash flows such as by collecting contractual cash flows or by both collecting contractual cash flows and selling the financial assets, among others.

The Group makes an assessment of the objective of the business model for the financial assets because this best reflects the way the financial assets are managed. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, earning dividend income, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash outflows through the sale of assets;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose financial performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether Contractual Cash Flows are SPPI
In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

Prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired for a discount or premium to its contractual face amount, a feature that permit or requires prepayment that an amount that substantially represents the contractual face amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent Measurement of Financial Assets
Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts recognized in OCI are not classified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Classification and Measurement of Financial Liabilities
Financial Liabilities
Financial liabilities are initially recognized at fair value. Transaction costs are deducted from the initial measurement of the Group's financial liabilities except for debt instruments classified at FVTPL.

Financial liabilities are subsequently measured as follows:

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

As at December 31, 2020 and 2019, other financial liabilities at amortized cost include accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables (see Notes 8, 11, 12, 13, 14, 24 and 26). There are no financial liabilities measured at FVTPL.

Other Financial Liabilities at Amortized Cost
Issued financial instruments or their components which are not classified as financial liabilities at FVTPL are classified as other financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of Financial Instruments
Financial Asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its right to receive cash flows from the asset and either has: (a) transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in consolidated statement of profit or loss and other comprehensive income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, thus, the related assets and liabilities are presented at gross amounts in the consolidated statement of financial position.

As at December 31, 2020 and 2019, only due to/from related party transactions were offset in the consolidated financial statements. The said accounts were being set-off because the management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Determination and Measurement of Fair Value
The Group measures financial instruments at fair value at each consolidated statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to market participant that would use the asset in its highest and best use.

The Group uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated statement of financial position on a recurring basis, the Group determines whether transfer have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" Difference) in the consolidated statement of profit or loss and other comprehensive income in the period when the asset is acquired or the liability is incurred. In cases where the transaction price used is based on inputs which are not observable, the difference between the transaction price and model value is only recognized in the profit or loss in the period when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" Difference.

<u>Impairment of Financial Assets</u>
Impairment of Financial Instruments
At the date of initial application of PFRS 9, the Group uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compared that to the credit risk at the date of initial application.

Lifetime ECLs result from all possible default events over the expected life of a financial instruments while 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period of the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Movement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the EIR of the financial assets.

Credit-impaired Financial Assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. The financial asset is ‘credit impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than the normal credit terms of the Group;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Current and Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when:

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within 12 months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Inventories
Inventories are stated at the lower of cost and NRV. Cost incurred in bringing the inventories to their present location and condition is calculated using the weighted average method.

NRV for food and beverage represents the estimated selling price in the ordinary course of business less the estimated costs to sell. NRV of operating supplies and engineering and maintenance supplies is the estimated current replacement cost. Inventories are periodically reviewed and evaluated for obsolescence. Obsolete inventories are scrapped or disposed of and the related costs are charged to operations.

Prepaid Expenses
Prepaid expenses represent expenses not yet incurred but are already paid. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequent to initial recognition, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

Property and Equipment
Measurement at Initial Recognition
Upon initial recognition, items of property and equipment are measured at cost which comprises the purchase price and all directly attributable costs of bringing the asset to the location and condition for its intended use.

Measurement Subsequent to Initial Recognition
Property and equipment, except for leasehold improvements, operating equipment and construction-in-progress which are stated at cost, are carried at revalued amounts, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and amortization and impairment losses, if any. Fair values are determined through appraisal by an independent firm of appraisers. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The net appraisal surplus resulting from the revaluation is credited to "Revaluation surplus on property and equipment" account (net of corresponding deferred income tax effect) shown under the consolidated statement of changes in equity. Any increase in the revaluation amount is credited to the "Revaluation surplus on property and equipment" account unless it offsets a previous decrease in the value of the same asset recognized in profit or loss. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized in the "Revaluation surplus on property and equipment." Upon disposal, any related revaluation surplus is transferred to "Retained earnings" account and is not taken into account in arriving at the gain or loss on disposal. Also, the amount of revaluation surplus absorbed through depreciation is being transferred to "Retained earnings" account, net of deferred tax effect.

All costs, including borrowing costs, which were directly and clearly associated with the construction of the Groups, were capitalized.

Construction-in-progress, included in property and equipment, represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Operating equipment consisting of chinaware, glassware, silverware and linen are stated at cost less accumulated amortization and adjustments based on periodic inventory method. Under this method, the recorded costs of operating equipment are amortized using various rates and adjusted based on periodic inventory count. Adjustments include the effects of any breakages and damages. The amortization and adjustments are recognized in profit or loss.

Subsequent Costs
Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Fair Value Measurement
The Group's property and equipment as at December 31, 2020 and 2019 is based on Level 3. Further information about the assumption made in measuring fair value of property and equipment is included in Note 9 to the consolidated financial statements.

Depreciation and Amortization
Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful life of the asset or term of the lease, whichever is shorter.

The estimated useful lives are as follows:

	Number of Years
Land improvements	5 - 10
Leasehold improvements	Shorter of lease term and 10
Hotel buildings and improvements	15 - 50
Furniture, fixtures and equipment	3
Operating equipment	3
Transportation equipment	3

The estimated useful lives, as well as the depreciation and amortization methods are reviewed at each reporting date to ensure that the period and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use, no further charges for depreciation and amortization are made in respect of those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and related accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets
The carrying amount of the Group's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in profit or loss, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use (VIU). Fair value less cost of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairment are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

A reversal of an impairment loss on a revalued asset is recognized in the consolidated statement of changes in equity and increases the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized in the profit or loss, a reversal of that impairment loss is also recognized in the profit or loss.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefit obligations, such as those for salaries and wages, social security contributions, short-term compensated absences, bonuses and nonmonetary benefits, among others, are measured on an undiscounted basis and are expensed as the related service is provided.

Defined Benefit Plan
The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of DBO is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI and presented under "Retirement Benefits Reserve" under equity. The Group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Related Party Relationship

A related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its KMP, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

The Group as Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's IBR. Generally, the Group uses its IBR as the discount rate.

The Group determines its IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets - net that do not meet the definition of investment property and lease liabilities as a separate line item in the consolidated statement of financial position.

Short-term Leases
The Group has elected not to recognize right-of-use assets - net and lease liabilities for short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as Lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies PFRS 15, *Revenue from Contracts with Customers*, to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

COVID-19-Related Rent Concessions

The Group has applied COVID-19-Related Rent Concessions (Amendments to PFRS 16). The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Philippine peso using the rates of exchange prevailing at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized under "Foreign currency translation differences" account in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

During the translation of the consolidated financial statement accounts of the foreign subsidiaries wherein accounts are being maintained in U.S. dollar, the differences between the reporting currency and the functional currency are recorded in OCI.

The results and financial position of the foreign subsidiaries are translated into Philippine peso using the following procedures:

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at exchange rates at the date of the transaction; and
- all resulting exchange differences are recognized as a separate component in equity.

<u>Income Taxes</u>
Income tax comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized in OCI or directly in equity, in which case they are recognized respectively therein.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Current Tax
Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the end of each reporting period.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax is provided, using the liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interest in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax asset to be recovered. It is probable that sufficient future taxable profits will be available against which a deductible temporary difference can be utilized when there are sufficient taxable temporary difference relating to the same taxation authority and the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible temporary difference. In such circumstances, the deferred tax asset is recognized in the period in which the deductible temporary difference arises.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognized in OCI or directly in equity is recognized in the consolidated statement of other comprehensive income and consolidated statement of changes in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if there is a legally enforceable right to offset current income tax assets against current income tax liabilities and they relate to income taxes levied by the same tax authority and the Group intends to settle its current income tax assets and liabilities on a net basis.

VAT

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepaid expenses and other current assets” or “Accounts payable and accrued expenses” accounts in the consolidated statement of financial position.

Equity

Capital stock is classified as equity. Incremental costs directly attributable to the issuance of capital stock, if any, are recognized as a deduction from equity, net of any tax effects, if this can be absorbed by the excess of issue cost over par value. Otherwise, these are recognized in profit or loss.

Retained earnings includes accumulated results of operations as reported in the consolidated statement of profit or loss and other comprehensive income, net of any dividend distribution.

EPS
Basic EPS is determined by dividing net income or loss for the year by the weighted average number of common shares subscribed and issued during the year, after retroactive adjustment for any stock dividend and stock splits declared during the year. Diluted EPS is computed in the same manner as the aforementioned, except that all outstanding convertible preferred shares were further assumed to have been converted to common stock at the beginning of the period or at the time of issuance during the year.

Provisions and Contingencies
A provision is a liability of uncertain timing or amount. It is recognized when the Group has a legal or constructive obligation as a result of a past event; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when the inflow of economic benefits is probable.

Events After the Reporting Period
The Group identifies post year-end events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any post-yearend events that provide additional information about the Group's financial position or performance at the end of a reporting period (adjusting events) are recognized in the consolidated financial statements. Post-yearend events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Amendments to Standards Issued but Not Yet Adopted
A number of amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Group has not early adopted the following amendments to standards in preparing these consolidated financial statements. The Group is assessing and has yet to reasonably estimate the impact of these, if any, on its consolidated financial statements.

To be Adopted January 1, 2022

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, *Property, Plant and Equipment*). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the consolidated statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the consolidated statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the consolidated financial statements in which the company first applies the amendments.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRSs 2018-2020. This cycle of improvements contains amendments to four standards. The following are applicable to the Group:

  - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, *Financial Instruments*). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

To be Adopted January 1, 2023

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1*)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

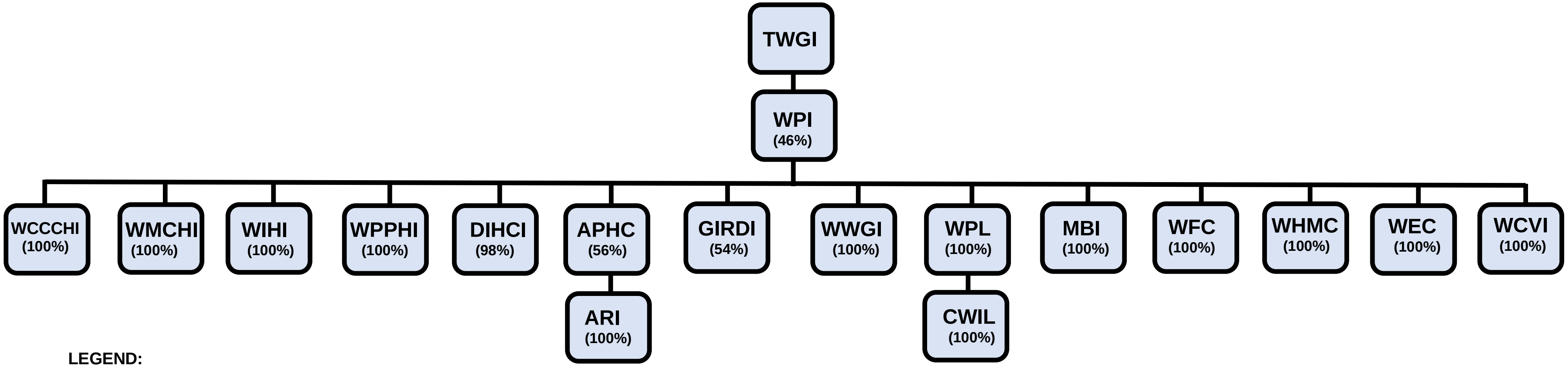
WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

As of December 31, 2020

Ratio	Formula		**2020**	2019
Current ratio	Total Current Assets divided by Total Current Liabilities			
	Total Current Assets	P4,423,715,641	1.65	1.43
	Divided by: Total Current Liabilities	2,674,648,755		
	Current ratio	**1.65**		
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities			
	Total Current Assets	P4,423,715,641		
	Less: Inventories	22,701,161	0.72	0.55
	Other current assets	2,468,837,399		
	Quick assets	P1,932,177,081		
	Divided by: Total Current Liabilities	2,674,648,755		
	Acid test ratio	**0.72**		
Solvency ratio	Net Income After Tax plus Non-cash Expenses divided by Total Liabilities			
	Net Income After Tax	P683,466,349		
	Add: Non-Cash Expenses	429,324,162	0.19	0.15
	After-tax Net Operating Income	P1,112,790,511		
	Divided by: Total Liabilities	5,840,935,650		
	Solvency ratio	**0.19**		
Debt-to-equity ratio	Total Liabilities divided by Shareholder's Equity			
	Total Liabilities	P5,840,935,650		
	Divided by Shareholder's Equity	8,319,536,202	0.70	0.86
	Debt-to-equity ratio	**0.70**		
Asset-to-equity ratio	Total assets divided by Shareholder's Equity			
	Total assets	P15,243,298,917	1.83	1.98
	Divided by: Shareholder's Equity	8,319,536,202		
	Asset-to-equity ratio	**1.83**		
Interest rate coverage ratio	Net Income divided by Interest Expense			
	Net Income	P683,466,349	4.04	2.34
	Divided by: Interest Expense	169,380,068		
	Interest rate coverage ratio	**4.04**		
Return on equity	Net Income divided by Shareholder's Equity			
	Net Income	P683,466,349	8.22%	7.11%
	Divided by: Shareholder's Equity	8,319,536,202		
	Return on Equity	**8.22%**		
Return on assets	Net Income divided by Average Total Assets			
	Net Income	P683,466,349		
	Divided by: Average Total Asset			
	Beginning Balance, asset	P13,105,062,991	4.82%	3.96%
	Add: Ending Balance, asset	P15,243,298,917		
		P28,348,361,908		
	Divided by: 2	14,174,180,954		
	Return on asset	**4.82%**		
Net profit margin	Net Income divided by Sales Revenue			
	Net Income	P683,466,349	64.81%	23.58%
	Divided by: Sales Revenue	1,054,632,300		
	Net profit margin	**64.81%**		

ANNEX B

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER THE REVISED SRC RULE 68
Map of Conglomerate
December 31, 2020



LEGEND:

TWGI	- The Wellex Group, Inc.
WPI	- Waterfront Philippines, Incorporated
WCCCHI	- Waterfront Cebu City Casino Hotel, Incorporated
WMCHI	- Waterfront Mactan Casino Hotel, Incorporated
WIHI	- Waterfront Iloilo Hotel Inc.
WPPHI	- Waterfront Puerto Princesa Hotel, Inc.
DIHCI	- Davao Insular Hotel Company, Inc.
APHC	- Acesite (Phils.) Hotel Corporation
ARI	- Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.)
GIRDI	- Grand Ilocandia Resort and Development, Inc.
WWGI	- Waterfront Wellness Group, Inc. (formerly W Citigyms & Wellness, Inc.)
WPL	- Waterfront Promotion Limited
CWIL	- Club Waterfront International Limited
MBI	- Mayo Bonanza, Inc.
WFC	- Waterfront Food Concepts, Inc.
WHMC	- Waterfront Hotel Management Corp. (formerly Waterfront Management Corporation)
WEC	- Waterfront Entertainment Corporation
WCVI	- Waterfront Cebu Ventures, Inc.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

Table of Contents

Supplementary Schedules of Annex 68-J
Required Under the Revised SRC Rule 68
December 31, 2020

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2020
(Amounts in thousands)

Name of Issuing Entity and Association of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at End of Reporting Period	Income Received and Accrued
Cash and cash equivalents *	P -	P1,175,381	P1,175,381	P7,648
Receivables	-	530,644	530,644	-
Notes receivable	-	223,366	223,366	8,925
Short-term investments	-	12,858	12,858	-
Due from related parties	-	3,256,946	3,256,946	113,716
Equity securities - at FVOCI	136,710	69,736	69,736	-
Other noncurrent assets **	-	38,924	38,924	-
	P136,710	P5,307,855	P5,307,855	P130,289

*Excluding cash on hand

**Excluding advances to contractors

See Notes 4, 5, 7, 8 and 10 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
DECEMBER 31, 2020
(Amounts in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
The Wellex Group, Inc.	P1,099,420	P -	P116,087	P -	P983,333	P -	P983,333
Pacific Rehouse Corporation	563,268	10,651	-	-	573,919	-	573,919
Crisanta Realty Development Corporation	395,196	17,174	-	-	-	412,370	412,370
Westland Pacific Properties Corporation	563,875	22,400	-	-	-	586,275	586,275
Rexlon Realty Group, Inc.	566,500	42,000	-	-	608,500	-	608,500
Pacific Wide Realty Development Corp.	160,000	-	160,000	-	-	-	-
Philippine Estates Corporation	92,054	-	-	-	92,054	-	92,054
Others							
Forum Holdings Corporation	56,856	1,712	-	-	58,568	-	58,568
Plastic City Industrial Corporation	1,546	-	-	-	1,546	-	1,546
East Asia Oil & Mining Company, Inc.	403	-	403	-	-	-	-
Acesite Leisure and Entertainment Corporation	235,729	-	12,363	-	223,366	-	223,366

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Amounts in thousands)

Name and Designation of Debtor	Balance at Beginning of period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
Acesite (Phils.) Hotel Corp.	P189,839	P -	P4,149	P -	P185,690	P -	P185,690
Waterfront Hotel Management Corp.	87,437	11,503	-	-	98,940	-	98,940
Mayo Bonanza, Inc.	4,746	-	-	-	4,746	-	4,746
Waterfront Wellness Group, Inc.	1,726	335	-	-	2,061	-	2,061
Waterfront Food Concepts, Inc.	1,328	612	-	-	1,940	-	1,940
Waterfront Iloilo Hotel Inc.	-	322	-	-	322	-	322
Waterfront Puerto Princesa Hotel, Inc.	-	50	-	-	50	-	50

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2020

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption "Long-Term Debt" in Related Statement of Financial Position
Social Security System Loans Payable	P375,000,000	P375,000,000	P -
Philippine Bank of Communications	1,500,000,000	252,659,575	635,106,382

See Notes 13 and 26 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2020

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Acesite Leisure and Entertainment Corporation	P3,119,367	P3,119,367

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2020

Name of Issuing Entity of Securities of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2020

Description	Number of Shares authorized	Number of Shares Issued and Outstanding Shown Under Related Statement of Financial Position Caption	Treasury Shares	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common shares	5,000,000,000	2,498,991,753	-	1,128,466,800	40,351,630	1,330,173,323

See Note 16 to the Consolidated Financial Statements.

Gmail **WPI EAFS <wpieafs20@gmail.com>**

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, May 31, 2021 at 5:50 PM
To: WPIEAFS20@gmail.com
Cc: WPIEAFS20@gmail.com

Hi WATERFRONT PHILIPPINES, INC.,

Valid files

- EAFS003978254ITRTY122020.pdf
- EAFS003978254AFSTY122020.pdf
- EAFS003978254RPTTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-VNXV3W03Z3NVW2WPQNMMS1P0C78J9B86**
Submission Date/Time: **May 31, 2021 05:50 PM**
Company TIN: **003-978-254**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Transaction Code:
AFS-0-VNXV3W03Z3NVW2WPQNMMS1P0C78J9B86

Submission Date/Time:
May 31, 2021 05:50 PM

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WATERFRONT
PHILIPPINES, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Waterfront Philippines, Inc.** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2020 and 2019,** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

R.G. Manabat & Co., appointed by the stockholders, has audited the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

Sergio Ortiz-Luis, Jr.
Chairman of the Board

Kenneth T. Gatchalian
President

Precilla O. Toriano
Corporate Finance Director

Elvira A. Ting
Treasurer

Signed this __th day of MAY 3 1 2021 20__

SUBSCRIBED AND SWORN TO BEFORE ME THIS MAY 3 1 2021
DAY OF______AT CEBU CITY PHILIPPINES APPEARED

Doc. No. 257
Page No. 53
Book No. 86

ATTY. LUKE MAHATMA R. FERNANDEZ
Notary Public Until 30 June 2021(per BM#3795)
Notarial Commission No. 108-17
IBP No. 120019-1/10/20 Cebu City
PTR No. 1981288 CY-2021 Cebu City
Roll No. 67452 Page # 471 Book XXVIII

WATERFRONT
PHILIPPINES, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The Management of **Waterfront Philippines, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2020**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2020** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Waterfront Philippines, Inc.,** complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) **Waterfront Philippines, Inc**. has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signed under oath by the following:

Sergio Ortiz-Luis, Jr.
Chairman of the Board

Kenneth T. Gatchalian
President

Precilla O. Toriano
Corporate Finance Director

Elvira A. Ting
Treasurer

Signed this __th day of MAY 3 1 2021 20__

SUBSCRIBED AND SWORN TO BEFORE ME, THIS MAY 3 1 2021
DAY OF______ AT CEBU CITY PHILIPPINES APPEARED

ATTY. LUKE MAHATMA R. FERNANDEZ
Notary Public Until 30 June 2021(per BM#3795)
Notarial Commission No. 108-17
IBP No. 120019-1/10/20 Cebu City
PTR No. 1981288 CY-2021 Cebu City
Roll No. 67452 Page # 471 Book XXVIII
MCLE Compliance No. VI-0010751 Until April 14, 2022

Doc. No. 158
Page No. 32
Book No. 86
Series of 2021

R.G. Manabat & Co.
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Philippines 1226
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Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS
FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

We have audited the accompanying separate financial statements of Waterfront Philippines, Incorporated (the Company) as at and for the year ended December 31, 2020, on which we have rendered our report dated May 31, 2021.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager, members of the board of directors or principal stockholders of the Company.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT 8533905
Issued January 4, 2021 at Makati City

May 31, 2021
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

WATERFRONT PHILIPPINES, INCORPORATED

SEPARATE FINANCIAL STATEMENTS
December 31, 2020 and 2019

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Waterfront Philippines, Incorporated (the Company), which comprise the separate statements of financial position as at December 31, 2020 and 2019, and the separate statements of comprehensive loss, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2020 and 2019, and its unconsolidated financial performance and its unconsolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 20 to the basic separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Tireso Randy F. Lapidez.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT 8533905
Issued January 4, 2021 at Makati City

May 31, 2021
Makati City, Metro Manila

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	2020	December 31 2019 (As restated - Note 17)
ASSETS			
Current Assets			
Cash in bank	*13*	**P21,139**	P73,057
Due from related parties - current portion	*5, 13*	**1,373,105,377**	2,025,057,090
Total Current Assets		**1,373,126,516**	2,025,130,147
Noncurrent Assets			
Equity securities - at fair value through other comprehensive income	*5, 13*	**50,000,000**	12,500,000
Investments and advances to subsidiaries	*4, 13*	**2,531,331,263**	2,410,429,954
Due from related parties - noncurrent portion	*5, 13*	**998,645,371**	563,875,000
Deferred tax asset	*10*	**71,977,137**	53,977,137
Property and equipment - net	*6*	**183,991**	390,241
Other noncurrent assets		**14,562,073**	8,865,465
Total Noncurrent Assets		**3,666,699,835**	3,050,037,797
		P5,039,826,351	P5,075,167,944
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	*7, 13*	**P1,127,468,295**	P1,059,966,475
Due to related parties - current portion	*5, 13*	**1,432,422,444**	715,290,680
Loan payable	*8, 13*	**375,000,000**	375,000,000
Income tax payable		**3,798,408**	10,839,467
Total Current Liabilities		**2,938,689,147**	2,161,096,622
Noncurrent Liability			
Due to related parties - noncurrent portion	*5, 13*	**-**	777,192,092
		2,938,689,147	2,938,288,714
Equity			
Capital stock	*12*	**2,498,991,753**	2,498,991,753
Additional paid-in capital		**706,364,357**	706,364,357
Accumulated deficit		**(1,104,218,906)**	(1,068,476,880)
Net Equity		**2,101,137,204**	2,136,879,230
		P5,039,826,351	P5,075,167,944

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF COMPREHENSIVE LOSS

		Years Ended December 31		
	Note	**2020**	2019	2018
REVENUE				
Interest income	*5*	**P65,690,784**	P98,642,185	P53,395,436
GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment losses	*4*	**12,451,762**	1,453,561	437,685
Professional fees		**1,484,980**	1,324,800	1,671,264
Taxes and licenses		**110,566**	6,652,598	341,302
Representation and entertainment		**-**	750,000	3,498,550
Annual meeting expenses		**-**	27,500	60,372
Supplies		**-**	507	3,855,049
Data processing expenses		**-**	-	13,125
Others	*9*	**14,288,763**	5,861,860	3,336,196
		28,336,071	16,070,826	13,213,543
INCOME BEFORE OTHER EXPENSES (INCOME) AND INCOME TAX BENEFIT		**37,354,713**	82,571,359	40,181,893
OTHER EXPENSES (INCOME)				
Interest expense	*5, 8*	**103,501,764**	111,610,252	90,150,436
Accretion income	*5*	**(8,813,375)**	(8,436,540)	(8,075,817)
Miscellaneous income		**(8,768,519)**	(6,825,371)	(2,741,203)
		85,919,870	96,348,341	79,333,416
LOSS BEFORE INCOME TAX BENEFIT		**(48,565,157)**	(13,776,982)	(39,151,523)
INCOME TAX BENEFIT	*10*	**(12,823,131)**	(6,227,988)	(10,210,896)
NET LOSS/TOTAL COMPREHENSIVE LOSS		**(P35,742,026)**	(P7,548,994)	(P28,940,627)

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2020**	2019	2018
CAPITAL STOCK	*12*	**P2,498,991,753**	P2,498,991,753	P2,498,991,753
ADDITIONAL PAID-IN CAPITAL		**706,364,357**	706,364,357	706,364,357
ACCUMULATED DEFICIT				
Balance at beginning of year		**(1,068,476,880)**	(1,060,927,886)	(1,031,987,259)
Net loss for the year		**(35,742,026)**	(7,548,994)	(28,940,627)
Balance at end of year		**(1,104,218,906)**	(1,068,476,880)	(1,060,927,886)
		P2,101,137,204	P2,136,879,230	P2,144,428,224

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF CASH FLOWS

			Years Ended December 31	
	Note	**2020**	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax benefit		**(P48,565,157)**	(P13,776,982)	(P39,151,523)
Adjustments for:				
Interest expense	*5, 8*	**103,501,764**	111,610,252	90,150,436
Impairment losses	*4*	**12,451,762**	1,453,561	437,685
Depreciation and amortization	*6*	**206,250**	206,250	206,250
Accretion income	*5*	**(8,813,375)**	(8,436,540)	(8,075,817)
Interest income	*5*	**(65,690,784)**	(98,642,185)	(53,395,436)
		(6,909,540)	(7,585,644)	(9,828,405)
Changes in accrued expenses and other payables		**7,501,820**	12,143,546	(30,233,972)
		592,280	4,557,902	(40,062,377)
Income taxes paid		**(10,839,467)**	(7,789,104)	(4,499,223)
Net cash used in operating activities		**(10,247,187)**	(3,231,202)	(44,561,600)
CASH FLOW FROM INVESTING ACTIVITIES				
Changes in:				
Equity securities - at fair value through other comprehensive income		**(37,500,000)**	(12,500,000)	-
Other noncurrent assets		**(7,075,069)**	(6,803,916)	-
Total cash used in investing activities		**(44,575,069)**	(19,303,916)	-
CASH FLOW FROM A FINANCING ACTIVITY				
Net advances from related parties	*4, 5*	**54,770,338**	22,520,057	44,367,212
NET DECREASE IN CASH IN BANK		**(51,918)**	(15,061)	(194,388)
CASH IN BANK AT BEGINNING OF YEAR		**73,057**	88,118	282,506
CASH IN BANK AT END OF YEAR	*13*	**P21,139**	P73,057	P88,118

See Notes to the Separate Financial Statements.

1. Reporting Entity

Waterfront Philippines, Incorporated (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994 as an investment holding company. The Company is listed on the Philippine Stock Exchange (PSE) and is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines.

The details of the equity interest of the Company in its subsidiaries as at December 31, 2020 and 2019 are as follows:

	Percentage of Ownership	
	Direct	**Indirect**
Hotels and Resorts		
Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI)	**100**	**-**
Waterfront Mactan Casino Hotel, Incorporated (WMCHI)	**100**	**-**
Waterfront Iloilo Hotel Inc. (WIHI)	**100**	**-**
Waterfront Puerto Princesa Hotel, Inc. (WPPHI)	**100**	**-**
Davao Insular Hotel Company, Inc. (DIHCI)	**98**	**-**
Acesite (Phils.) Hotel Corporation (Doing business under the name and style of Waterfront Manila Hotel and Casino) (APHC)	**56**	**-**
Grand Ilocandia Resort and Development, Inc. (GIRDI)	**54**	**-**
Real Estate		
Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.) (through direct ownership in APHC)	**-**	**56**
Fitness Gym		
Waterfront Wellness Group, Inc. (WWGI)	**100**	**-**
International Marketing and Promotion of Casinos		
Waterfront Promotion Limited (WPL)	**100**	**-**
Mayo Bonanza, Inc. (MBI)	**100**	**-**
Club Waterfront International Limited (CWIL) (through direct ownership in WPL)	**-**	**100**
Pastries Manufacturing		
Waterfront Food Concepts, Inc. (WFC)	**100**	**-**
Hotel Management and Operation		
Waterfront Hotel Management Corp. (WHMC)	**100**	**-**
Waterfront Entertainment Corporation (WEC)	**100**	**-**
Investment Holding Company		
Waterfront Cebu Ventures, Inc. (WCVI)	**100**	**-**

The Company and all of the above subsidiaries (collectively referred to as the Group) were incorporated in the Philippines, except for WPL and CWIL, which were registered in the Cayman Islands.

The Company's percentages of ownership for the above subsidiaries are the same in 2020, 2019 and 2018.

The registered office of the Company is located at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City, Philippines.

Status of APHC Operation
On March 18, 2018, a fire broke out in APHC's hotel property that damaged the podium and main hotel that resulted to the suspension of its operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire was declared and classified as "accidental in nature". APHC incurred casualty losses due to damages on its inventories and hotel property. APHC filed for property damage and business insurance claims from its insurance companies and the insurance claims were finalized in 2020 amounting to P1.72 billion. As at December 31, 2020, total amounts received from the insurance companies amounted to P1.58 billion. As at December 31, 2020 and 2019, APHC recognized gains on insurance claims amounting to P854.52 million and P234.09 million, respectively, of which P850.22 million and P431.25 million were received in 2020 and 2019, respectively. The remainder amounting to P136.21 million relates to the portion of the claims that is still receivable from an insurance company.

In 2018, APHC has started the reconstruction and restoration of the podium and main hotel which are still ongoing as at December 31, 2020. Although the various community quarantines implemented in Metro Manila have caused some delays, construction activities have not been totally stopped and management expects to complete Phase 1 of reconstruction project by end of 2021. Phase 1, which is budgeted at P1.95 billion, involves the primary restoration and general construction work of the podium and main hotel. A soft opening of the podium, which houses the public areas including the lobby, some food and beverage outlets and the casino area at the ground floor level up to the third floor, is expected by the 1st quarter of 2022. A related party, who has a long term sublease contract with Philippine Amusement and Gaming Corporation (PAGCOR), entered into a long term lease contract with APHC for the operation of a casino. Further, the soft opening will include opening of four hotel room floors in the main hotel to accommodate casino players and local staycation guests. The entire proceeds from insurance coverage claims have been allotted to complete the Phase 1 of the reconstruction work with additional funding expected to be coming from bank borrowings to be guaranteed by an affiliate.

The amenities, guest facilities and the remaining rooms of the main hotel are expected to be completed in Phases 2 and 3 of the reconstruction project. Phase 2 is expected to be completed by the latter part of 2022 and Phase 3 is expected to be completed by early 2023. These two latter phases will be funded by the cash flows generated by the operations and, when necessary, bank borrowings.

The phased opening of APHC is based on management's assumption that the travel and hospitality sectors, which are currently depressed due to the coronavirus disease 2019 (COVID-19) pandemic, will return to pre-pandemic levels starting 2023 given that the vaccination program of the government will take until end of 2022 to roll out completely. As the hospitality industry comes to a full recovery, APHC management expects to attract a good share of the incoming tourist markets with the completion of Phases 2 and 3.

2. Basis of Preparation

Basis of Accounting

These separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). They were authorized for issue by the Company's board of directors (BOD) on May 31, 2021.

In compliance with PFRS 10, *Consolidated Financial Statements*, the Company has prepared consolidated financial statements for the same periods in which it consolidates all investments in subsidiaries in accordance with the said standard. Such consolidated financial statements provide information about the economic activities of the Group of which the Company is the parent. Details of the Company's significant accounting policies are included in Note 18.

Users of these separate financial statements should read them together with the consolidated financial statements as at and for the years ended December 31, 2020 and 2019 in order to obtain full information on the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company and its subsidiaries as a whole. The consolidated financial statements can be obtained from the SEC and from the website of the PSE (www.pse.com.ph).

Basis of Measurement

The separate financial statements have been prepared on the historical cost basis.

Functional and Presentation Currency

These separate financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded to the nearest peso, unless otherwise indicated.

3. Use of Judgments and Estimates

In preparing these separate financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

Information about judgments in applying accounting policies that have the most significant effects on the amounts recognized in the separate financial statements is as follows:

Provisions and Contingencies

The Company is currently involved in certain cases. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the Company's defense in these matters and is based upon an analysis of potential results. The Company currently does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Classifying Financial Instruments
The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreement and the definition of a financial asset, financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the separate statement of financial position.

Assumptions and Estimation Uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Fair Value Estimation
If the financial instruments are not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them.

All models are certified before they are used and are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

The specific methods and assumptions used by the Company in estimating the fair values of its financial instruments are disclosed in Note 13.

Allowance for Impairment Losses on Financial Instruments
The Company uses the expected credit loss (ECL) model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate (EIR). PFRS 9, *Financial Instruments*, requires the Company to record ECL on all of its financial instruments, either on a 12-month or lifetime basis. The Company applied the simplified approach to receivables from third parties and its related parties and recorded the lifetime ECL. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. Lifetime ECL is calculated by multiplying the lifetime Probability of Default by Loss Given Default (LGD) and Exposure at Default (EAD). LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty. The EAD of a financial asset is its gross carrying amount at the time of default. In addition, management assessed the credit risk of the receivables as at the reporting date as low, therefore the Company did not have to assess whether a significant increase in credit risk has occurred.

Further details on allowance for impairment losses on advances to subsidiaries and due from related parties are disclosed in Notes 4 and 5, respectively.

Useful Lives of Property and Equipment
The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

Further details on the carrying amount of property and equipment are disclosed in Note 6.

Impairment of Nonfinancial Assets
The Company's policy on estimating the impairment of nonfinancial assets is discussed in Note 18. The Company assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired or that the previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As at December 31, 2020 and 2019, no indication of impairment exists for the Company's nonfinancial assets.

Deferred Tax Asset
Deferred tax asset is recognized for separate financial statements and tax differences to the extent that it is probable that taxable profit will be available against which the difference can be utilized. Significant management judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Further details on deferred tax asset are disclosed in Note 10.

4. Investments and Advances to Subsidiaries

Investments and advances to subsidiaries consist of the following (amounts in thousands):

	December 31, 2020													
	WCCCHI	WMCHI	WIHI	WPPHI	DIHCI	APHC	GIRDI	WWGI	MBI	WFC	WHMC	WEC	WCVI	Total
Investment cost	P1,013,800	P13,800	P25,000	P6,250	P584,363	P479,228	P253,667	P625	P25	P125	P125	P125	P1,250	P2,378,383
Advances	-	-	322	50	-	191,423	-	2,061	4,746	1,940	98,940	-	-	299,482
Deposits for stock subscription	-	-	125,000	90,620	-	-	-	13,000	35,000	6,000	-	-	100	269,720
Total	1,013,800	13,800	150,322	96,920	584,363	670,651	253,667	15,686	39,771	8,065	99,065	125	1,350	2,947,585
Allowance for impairment losses	-	-	-	-	-	-	(253,667)	(15,686)	(39,771)	(8,065)	(99,065)	-	-	(416,254)
	P1,013,800	P13,800	P150,322	P96,920	P584,363	P670,651	P -	P -	P -	P -	P -	P125	P1,350	P2,531,331

	December 31, 2019													
	WCCCHI	WMCHI	WIHI	WPPHI	DIHCI	APHC	GIRDI	WWGI	MBI	WFC	WHMC	WEC	WCVI	Total
Investment cost	P1,013,800	P13,800	P25,000	P6,250	P584,363	P479,228	P253,667	P625	P25	P125	P125	P125	P1,250	P2,378,383
Advances	-	-	272	50	-	195,572	-	1,726	4,746	1,328	87,437	-	-	291,131
Deposits for stock subscription	-	-	-	90,620	-	-	-	13,000	35,000	6,000	-	-	100	144,720
Total	1,013,800	13,800	25,272	96,920	584,363	674,800	253,667	15,351	39,771	7,453	87,562	125	1,350	2,814,234
Allowance for impairment losses	-	-	-	-	-	-	(253,667)	(15,351)	(39,771)	(7,453)	(87,562)	-	-	(403,804)
	P1,013,800	P13,800	P25,272	P96,920	P584,363	P674,800	P -	P -	P -	P -	P -	P125	P1,350	P2,410,430

Deposits to Subsidiaries
As part of the Company's continuing commitment and guarantee for the subsidiaries to continue as going concern entities, the Company and its subsidiaries agreed to set aside a portion of the Company's outstanding advances to the subsidiaries as deposits for future stock subscriptions. The amounts set aside will be used as subscription payments by the Company once the planned increase in the authorized capital stock of the subsidiaries has materialized.

In 2013, the Company and WCCCHI agreed to set aside portion of the subsidiary's outstanding payable to the former amounting to P1.00 billion as deposits for future stock subscription which will be ultimately used as subscription payments once the planned increase in the authorized capital stock of the subsidiary has materialized. On December 27, 2019, the deposits for future subscription was used to subscribe 1.00 billion shares of common stock with the subsidiary with a par value of P1 per share.

Advances to Subsidiaries
Advances to subsidiaries mainly represent funds provided to primarily support the subsidiaries' daily operations.

The advances to subsidiaries are annually renegotiated and repriced based on the agreement entered by the Company and subsidiaries.

Discussed below are the descriptions and the financial information of each subsidiary.

WCCCHI
WCCCHI was incorporated and registered with the SEC on September 23, 1994, primarily to own and operate hotels and other related businesses. The facilities of WCCCHI include an international convention center, an international casino building and a 561-room deluxe hotel at the former Lahug Airport, Cebu City. WCCCHI started operations in 1998.

The registered office of WCCCHI is at No. 1, Waterfront Drive corner Salinas Drive, Lahug, Cebu City.

The significant information on the financial statements of WCCCHI is as follows (in thousands):

	2020	2019
Total current assets	**P2,085,585**	P864,333
Total assets	**5,504,397**	5,769,462
Total current liabilities	**573,137**	616,121
Total liabilities	**2,138,197**	2,452,116
Revenue	**678,644**	1,273,295
Net income	**34,611**	257,197

WMCHI
WMCHI was incorporated and registered with the SEC on September 23, 1994, primarily to own and operate hotels and other related businesses. The facilities of WMCHI include an international casino and a 167-room deluxe hotel (Airport Hotel Project) at the Mactan Cebu International Airport. WMCHI started commercial operations in 1996.

The registered office of WMCHI is located at No. 1 Airport Road, Mactan Island, Lapu-Lapu City, Cebu.

The significant information on the financial statements of WMCHI is as follows (in thousands):

	2020	2019
Total current assets	**P1,065,000**	P940,950
Total assets	**2,071,594**	2,010,204
Total current liabilities	**165,612**	165,035
Total liabilities	**555,319**	559,618
Revenue	**286,819**	464,071
Net income	**62,991**	153,452

<u>WIHI</u>
WIHI was incorporated and registered with the SEC on March 29, 2019, primarily to operate and manage a resort hotel and a restaurant that caters to the guests of the hotel.

As at December 31, 2020, the Company has not yet started its commercial operations.

The registered office of WIHI is located at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa, Barangay 666, Ermita, City of Manila, NCR, Philippines, 1000.

The significant information on the financial statements of WIHI is as follows (in thousands):

	2020	2019
Total current assets	**P50**	P24,728
Total assets	**150,050**	24,728
Total current liabilities	**386**	-
Total liabilities	**125,386**	-
Net loss	**(64)**	(272)

<u>WPPHI</u>
WPPHI was incorporated and registered with the SEC on May 15, 2017, primarily to acquire and hold real property such as lands, buildings and personal property of all kinds, to sell, lease, convey, mortgage, construct, improve and develop, contract for, manage, administer and or operate, alone or jointly with others any interest in real or personal property as well as in hotels, inns, lodging houses, resorts and all adjunct and accessories thereto, including restaurants, cafes, bars, stores and offices, barbershops and beauty lounges, sports facilities, places of amusement and entertainment of all kinds; to invest in other corporations for the advancement of its interest or to grant concessions, rights or licenses to others to operate, manage or deal with the same, to do any and all things necessary, suitable, convenient, proper or incidental to the accomplishment of the above purposes.

As at December 31, 2020, the Company has not yet started its commercial operations.

The registered office of WPPHI is located at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa St., Ermita, Brgy. 666, Manila City 1000.

The significant information on the financial statements of WPPHI is as follows (in thousands):

	2020	2019
Total current assets	**P51**	P51
Total assets	**96,921**	96,921
Total current liabilities	**4,388**	3,291
Total liabilities	**95,008**	93,911
Net loss	**(1,096)**	(3,240)

DIHCI

DIHCI was incorporated and registered with the SEC in the Philippines on July 3, 1959 to engage primarily in the operation of hotel and hotel-related businesses.

The registered office of DIHCI is located at Waterfront Insular Hotel Davao, Km. 8000 Lanang, Davao City.

The significant information on the financial statements of DIHCI is as follows (in thousands):

	2020	2019
Total current assets	**P155,128**	P228,601
Total assets	**2,902,170**	1,119,261
Total current liabilities	**46,646**	84,574
Total liabilities	**848,609**	341,160
Revenue	**82,404**	253,808
Net (loss) income	**(37,500)**	19,726

APHC

APHC was incorporated and registered with the SEC on October 10, 1952 primarily to engage in the business of operating a hotel, or other accommodations, for the general public and to construct such facilities as may be reasonably necessary or useful in connection with the same.

APHC is the owner and operator of Waterfront Manila Hotel and Casino. The corporate life of APHC has been extended up to 2052. APHC's shares have been listed on the PSE since December 5, 1986.

The registered office of APHC is located at 8th Floor, Waterfront Manila Hotel and Casino, United Nations Avenue corner Maria Orosa Street, Ermita, Manila.

The significant information on the consolidated financial statements of APHC is as follows (in thousands):

	2020	2019
Total current assets	**P1,103,010**	P433,978
Total assets	**3,279,646**	2,381,211
Total current liabilities	**987,008**	904,245
Total liabilities	**1,309,625**	1,069,789
Net income	**654,566**	67,595

GIRDI

GIRDI was incorporated and registered with the SEC on December 18, 1990 to engage in the hotel and resort business.

The registered office of GIRDI is located at located at No. 37 Calayab, Laoag City, Ilocos Norte.

In 2000, GIRDI's BOD approved the cessation of its business operations. The Company has provided an allowance for impairment losses on its investment to GIRDI. The allowance for impairment losses on investment amounted to P253.67 million as at December 31, 2020 and 2019. Impairment losses recognized in the separate statement of comprehensive loss amounted to nil in 2020, 2019 and 2018.

The significant information on the financial statements of GIRDI is as follows (in thousands):

	2020	2019
Total assets	**P468,998**	P469,656
Total liabilities	**37,733**	37,711
Revenue	**1,712**	1,662
Net loss	**(679)**	(120)

WWGI

WWGI, formerly known as W Citigyms & Wellness, Inc., was incorporated and registered with the SEC on January 26, 2006, to engage in, conduct and carry on the general business of sporting and other recreational activities. The facilities of WWGI, which commenced commercial operations on May 1, 2006, include a fitness gym with top-of-the line equipment and amenities. WWGI also offers in-house massage for guests staying in WCCCHI, a fellow subsidiary.

The registered office of WWGI is located at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City.

Due to accumulated losses which resulted to a capital deficiency of P46.64 million, the Company has provided an allowance for impairment losses on its investment in and advances to WWGI. The allowance for impairment losses on its investment and advances amounted to P0.63 million, P15.06 million, respectively, as at December 31, 2020 and P0.63 million, P14.73 million, respectively, as at December 31, 2019. Impairment losses recognized in the separate statement of comprehensive loss amounted to P0.34 million, P0.73 million and P0.19 million in 2020, 2019 and 2018, respectively.

The significant information on the financial statements of WWGI is as follows (in thousands):

	2020	2019
Total current assets	**P16,132**	P17,560
Total assets	**42,525**	20,506
Total current liabilities	**50,441**	50,253
Total liabilities	**89,204**	63,686
Revenue	**4,863**	13,301
Net loss	**(3,468)**	(1,085)

WPL and CWIL

WPL and its wholly-owned subsidiary, CWIL, were incorporated in the Cayman Islands on March 6, 1995 and June 11, 1996, respectively.

WPL and CWIL's primary business purpose is to invite and organize groups of foreign casino players to play in Philippine casinos pursuant to certain agreements entered into with the PAGCOR under the latter's Foreign High-Roller Marketing Program (the Program). WPL and its subsidiary's participation with PAGCOR's Program, however, has been terminated in 2003 due to unfavorable economic conditions.

To support the Program, WPL and CWIL entered into several agreements with various junket operators to market and promote the Philippine casinos to foreign casino players. In consideration for marketing and promoting of the Philippine casinos, these operators receive certain incentives such as free hotel accommodations, free airfares, and rolling commissions from the Group. Due to the termination of the WPL and CWIL's participation with PAGCOR's Program, agreements with the junket operators were also terminated.

The significant information on the consolidated financial statements of WPL is as follows (in thousands):

	2020	2019
Total assets	**$4,568**	$4,325
Total liabilities	**1,421**	1,362
Net income (loss)	**184**	(187)

MBI

MBI was incorporated and registered with the SEC on November 24, 1995. Its primary purpose is to establish, operate, and manage the business of amusement, entertainment, and recreation facilities for the use of the paying public. MBI entered into an agreement with the PAGCOR whereby the latter shall operate the former's slot machines outside of casinos in line with PAGCOR's slot machine arcade project.

The registered office of MBI is located at 27th Floor, Wynsum Corporate Tower, 22 Emerald Avenue, Ortigas Center, Pasig City.

Due to accumulated losses which resulted to a capital deficiency of P43.93 million, the Company has provided an allowance for impairment losses on its investment in and advances to MBI. The allowance for impairment losses on its investment and advances amounted to P0.02 million and P39.75 million, respectively, as at December 31, 2020 and 2019. Impairment losses recognized in the separate statement of comprehensive loss amounted to nil in 2020, 2019 and 2018.

The significant information on the financial statements of MBI is as follows (in thousands):

	2020	2019
Total current assets	**P263**	P328
Total assets	**263**	328
Total current liabilities	**9,191**	9,191
Total liabilities	**44,191**	44,191
Net loss	**(65)**	(2,730)

WFC

WFC was incorporated and registered with the SEC on January 26, 2004 to engage in the operation of restaurants and food outlets and to manufacture baked and unbaked desserts, breads and pastries supplied to in-store bakeries, coffee shops and food service channels.

The registered office of WFC is located at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City.

Due to accumulated losses which resulted to a capital deficiency of P53.63 million, the Company has provided an allowance for impairment losses on its investment in and advances to WFC. The allowance for impairment losses on its investment and advances amounted to P0.13 million, P7.94 million, respectively, as at December 31, 2020 and P0.13 million, P7.33 million, respectively, as at December 31, 2019. Impairment losses recognized in the separate statement of comprehensive loss amounted to P0.61 million, P0.72 million and P0.19 million in 2020, 2019 and 2018, respectively.

The significant information on the financial statements of WFC is as follows (in thousands):

	2020	2019
Total current assets	**P5,889**	P6,319
Total assets	**13,241**	6,543
Total current liabilities	**53,183**	51,461
Total liabilities	**66,869**	57,461
Revenue	**631**	2,212
Net loss	**(2,710)**	(3,896)

<u>WHMC</u>

WHMC was incorporated and registered with the SEC on March 31, 2003, to engage in the management and operation of hotels, except management of funds, portfolios, securities and other similar assets of the managed entities.

The registered office of WHMC is located at No.1 Salinas Drive, Lahug, Cebu City, Cebu.

In 2014, WHMC's BOD approved the cessation of its business operations. The Company has provided an allowance for impairment losses on its investment in and advances to WHMC. The allowance for impairment losses on its investment and advances amounted to P0.13 million, P98.94 million, respectively, as at December 31, 2020 and P0.13 million, P87.44 million, respectively, as at December 31, 2019. Impairment losses recognized in the separate statement of comprehensive loss amounted to P11.50 million, nil and P0.06 million in 2020, 2019 and 2018, respectively.

The significant information on the financial statements of WHMC is as follows (in thousands):

	2020	2019
Total current assets	**P770**	P828
Total assets	**770**	828
Total current liabilities	**122,013**	122,006
Total liabilities	**122,015**	122,006
Net loss	**(66)**	(2,570)

<u>WEC</u>

WEC was incorporated and registered with the SEC on August 13, 2003 to engage in the business of producing and co-producing concerts and shows.

The registered office of WEC is located at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City.

The significant information on the financial statements of WEC is as follows (in thousands):

	2020	2019
Total current assets	**P20,282**	P16,951
Total assets	**21,740**	18,562
Total current liabilities	**10,985**	9,874
Total liabilities	**12,961**	11,349
Revenue	**8,780**	11,477
Net income	**1,592**	1,463

WCVI

WCVI was incorporated and registered with the SEC on August 24, 2018, primarily to carry on the business of an investment holding company. Provided, that the Corporation will not engage in the business of being a broker/dealer in securities, transfer agent, commodity/financial futures exchange/broker/merchant, investment house, and an investment company adviser/mutual fund distributor of any investment company/mutual fund company.

As at December 31, 2020, the Company has not yet started its commercial operations.

The registered office of WCVI is located at No. 1 Waterfront Drive, Off Salinas Drive, Barangay Lahug, Cebu City.

The significant information on the financial statements of WCVI is as follows (in thousands):

	2020	2019
Total current assets	**P1,351**	P1,351
Total assets	**1,351**	1,351
Total current liabilities	**64**	-
Total liabilities	**164**	100
Net (loss) income	**(64)**	1

Total impairment losses on the abovementioned investments and advances to subsidiaries recognized in the separate statement of comprehensive loss amounted to P12.45 million, P1.45 million and P0.44 million in 2020, 2019 and 2018, respectively.

5. Related Party Transactions

The Company's related party transactions include transactions with its subsidiaries enumerated in Notes 1 and 4, its key management personnel (KMP) and related parties enumerated in the table below:

Related Parties	Relationship with the Company
TWGI	Parent
Pacific Rehouse Corporation (PRC)	Stockholder
Crisanta Realty Development Corporation (CRDC)	Under common control
Westland Pacific Properties Corporation (WPPC)	Under common control
Pacific Wide Realty Development Corp. (PWRDC)	Stockholder
Philippine Estates Corporation (PHES)	Under common control
Forum Holdings Corporation (FHC)	Stockholder
Plastic City Industrial Corporation (PCIC)	Under common control
Waterfront Manila Premier Development, Inc. (WMPD)	Under common control
Acesite Leisure and Entertainment Corporation (ALEC)	Under common control
East Asia Oil & Mining Company, Inc. (East Asia)	Stockholder

Significant Transactions with Related Parties

The Company's transactions with related parties consist of (in thousands):

Category/ Transaction	Year	*Note*	Amount of the Transaction	Due from Related Parties		Equity Securities - at FVOCI	Due to Related Parties		Investment and Advances to Subsidiaries	Terms and Conditions
				Current	Non current		Current	Non current		
Parent										
▪ TWGI										Secured; interest-
Advances,	**2020**	*5a*	**(P107,004)**	**P765,205**	**P -**	**P -**	**P -**	**P -**	**P -**	bearing; due in one
interest and	2019	*5a*	(146,635)	872,209	-	-	-	-	-	year subject to
settlement	2018	*5a*	296,831	1,018,844	-	-	-	-	-	renewal; net of allowance for impairment
Stockholders/ Under Common Control										
▪ PRC										Secured; interest-
Advances,	**2020**	*5a*	**10,652**	**573,920**	**-**	**-**	**-**	**-**	**-**	bearing; due in one
interest and	2019	*5a*	10,651	563,268	-	-	-	-	-	year subject to
settlement	2018	*5a*	10,836	552,617	-	-	-	-	-	renewal; not impaired
▪ CRDC										
Advances	**2020**	*5a*	**17,174**	**-**	**412,370**	**-**	**-**	**-**	**-**	Unsecured;
	2019	*5a*	16,798	395,196	-	-	-	-	-	interest-bearing;
	2018	*5a*	15,541	22,395	356,003	-	-	-	-	due in five years; not impaired
▪ WPPC										
Advances	**2020**	*5a*	**22,400**	**-**	**586,275**	**-**	**-**	**-**	**-**	Unsecured;
	2019	*5a*	8,173	-	563,875	-	-	-	-	interest-bearing;
	2018	*5a*	555,702	-	555,702	-	-	-	-	due in five years; not impaired
▪ PWRDC										
Advances	**2020**	*5b*	**(160,000)**	**-**	**-**	**-**	**-**	**-**	**-**	Unsecured;
	2019	*5b*	-	160,000	-	-	-	-	-	noninterest-bearing;
	2018	*5b*	160,000	160,000	-	-	-	-	-	due on demand; not impaired
▪ ALEC										
Advances and	**2020**	*4, 5d*	**-**	**-**	**-**	**-**	**4,465**	**-**	**-**	Unsecured;
settlement	2019	*4, 5d*	(4,465)	-	-	-	4,465	-	-	noninterest-bearing;
	2018	*4, 5d*	-	-	-	-	-	-	-	due on demand
▪ WMPD										
Equity	**2020**	*5g*	**37,500**	**-**	**-**	**50,000**	**-**	**-**	**-**	Unsecured;
securities - at	2019	*5g*	12,500	-	-	12,500	-	-	-	not impaired
FVOCI	2018	*5g*	-	-	-	-	-	-	-	
▪ Other										
Advances and	**2020**	*5b*	**(404)**	**93,599**	**-**	**-**	**-**	**-**	**-**	Unsecured;
interest	2019	*5b*	(14,066)	94,003	-	-	-	-	-	noninterest-bearing;
	2018	*5b*	-	108,069	-	-	-	-	-	due on demand; not impaired

Forward

Category/ Transaction	Year	*Note*	Amount of the Transaction	Due from Related Parties Current	Due from Related Parties Non current	Equity Securities - at FVOCI	Due to Related Parties Current	Due to Related Parties Non current	Investment and Advances to Subsidiaries	Terms and Conditions
Subsidiaries										
▪ WCCCHI										
Advances and	**2020**	*4, 5c*	**P65,903**	**P -**	**P -**	**P -**	**P733,572**	**P -**	**P -**	Unsecured;
settlement	2019	*4, 5c*	55,206	-	-	-	22,283	777,192	-	interest-bearing;
	2018	*4, 5c*	(1,165,529)	-	-	-	135,378	719,303	-	due in three years
Deposit	**2020**	*4, 5f*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	Unsecured;
	2019	*4, 5f*	(1,000,000)	-	-	-	-	-	-	noninterest-bearing;
	2018	*4, 5f*	-	-	-	-	-	-	1,000,000	not impaired
▪ WMCHI										
Advances and	**2020**	*4, 5d*	**(23,166)**	**-**	**-**	**-**	**282,326**	**-**	**-**	Unsecured;
settlement	2019	*4, 5d*	(537)	-	-	-	259,160	-	-	noninterest-bearing;
	2018	*4, 5d*	(43,093)	-	-	-	258,623	-	-	due on demand
▪ DIHCI										
Advances and	**2020**	*4, 5d*	**(10,179)**	**-**	**-**	**-**	**14,053**	**-**	**-**	Unsecured;
settlement	2019	*4, 5d*	-	-	-	-	3,874	-	-	noninterest-bearing;
	2018	*4, 5d*	(5,620)	-	-	-	3,874	-	-	due on demand
▪ APHC										
Advances and	**2020**	*4, 5e*	**(4,150)**	**-**	**-**	**-**	**-**	**-**	**191,423**	Unsecured;
settlement	2019	*4, 5e*	5,666	-	-	-	-	-	195,573	noninterest-bearing;
	2018	*4, 5e*	189,784	-	-	-	-	-	189,907	due on demand;
										not impaired
▪ GIRDI										
Advances and	**2020**	*4, 5d*	**2,372**	**-**	**-**	**-**	**199,248**	**-**	**-**	Unsecured;
settlement	2019	*4, 5d*	2,273	-	-	-	201,620	-	-	noninterest-bearing;
	2018	*4, 5d*	2,002	-	-	-	203,893	-	-	due on demand
▪ WWGI										
Advances and	**2020**	*4, 5e*	**335**	**-**	**-**	**-**	**-**	**-**	**2,061**	Unsecured;
settlement	2019	*4, 5e*	727	-	-	-	-	-	1,726	noninterest-bearing;
	2018	*4, 5e*	187	-	-	-	-	-	999	due on demand;
										fully impaired
Deposit	**2020**	*4, 5f*	**-**	**-**	**-**	**-**	**-**	**-**	**13,000**	Unsecured;
	2019	*4, 5f*	-	-	-	-	-	-	13,000	noninterest-bearing;
	2018	*4, 5f*	-	-	-	-	-	-	13,000	fully impaired
▪ MBI										Unsecured;
Advances and	**2020**	*4, 5e*	**-**	**-**	**-**	**-**	**-**	**-**	**4,746**	noninterest-bearing;
settlement	2019	*4, 5e*	-	-	-	-	-	-	4,746	due on demand;
	2018	*4, 5e*	(2,741)	-	-	-	-	-	4,746	fully impaired
Deposit	**2020**	*4, 5f*	**-**	**-**	**-**	**-**	**-**	**-**	**35,000**	Unsecured;
	2019	*4, 5f*	-	-	-	-	-	-	35,000	noninterest-bearing;
	2018	*4, 5f*	-	-	-	-	-	-	35,000	fully impaired
▪ WIHI										
Advances and	**2020**	*4, 5e*	**25,050**	**-**	**-**	**-**	**-**	**-**	**322**	Unsecured;
settlement	2019	*4, 5e*	(24,728)	-	-	-	25,000	-	272	noninterest-bearing;
	2018	*4, 5e*	-	-	-	-	-	-	-	not impaired
Deposit	**2020**	*4, 5f*	**125,000**	**-**	**-**	**-**	**-**	**-**	**125,000**	Unsecured;
	2019	*4, 5f*	-	-	-	-	-	-	-	noninterest-bearing;
	2018	*4, 5f*	-	-	-	-	-	-	-	not impaired
▪ WPPHI										Unsecured;
Advances and	**2020**	*4, 5e*	**-**	**-**	**-**	**-**	**-**	**-**	**50**	noninterest-bearing;
settlement	2019	*4, 5e*	50	-	-	-	-	-	50	not impaired
	2018	*4, 5e*	-	-	-	-	-	-	-	
Deposit	**2020**	*4, 5f*	**-**	**-**	**-**	**-**	**-**	**-**	**90,620**	Unsecured;
	2019	*4, 5f*	90,620	-	-	-	-	-	90,620	noninterest-bearing;
	2018	*4, 5f*	**-**	-	-	-	-	-	-	not impaired
▪ WCVI										
Deposit	**2020**	*4, 5f*	**-**	**-**	**-**	**-**	**-**	**-**	**100**	Unsecured;
	2019	*4, 5f*	100	-	-	-	-	-	100	noninterest-bearing;
	2018	*4, 5f*	-	-	-	-	-	-	-	not impaired
▪ WFC										
Advances and	**2020**	*4, 5e*	**612**	**-**	**-**	**-**	**-**	**-**	**1,940**	Unsecured;
settlement	2019	*4, 5e*	727	-	-	-	-	-	1,328	noninterest-bearing;
	2018	*4, 5e*	193	-	-	-	-	-	601	due on demand;
										fully impaired
Deposit	**2020**	*4, 5f*	**-**	**-**	**-**	**-**	**-**	**-**	**6,000**	Unsecured;
	2019	*4, 5f*	-	-	-	-	-	-	6,000	noninterest-bearing;
	2018	*4, 5f*	-	-	-	-	-	-	6,000	fully impaired
▪ WHMC										
Advances and	**2020**	*4, 5e*	**11,503**	**-**	**-**	**-**	**-**	**-**	**98,940**	Unsecured;
settlement	2019	*4, 5e*	-	-	-	-	-	-	87,437	noninterest-bearing;
	2018	*4, 5e*	58	-	-	-	-	-	87,437	due on demand;
										fully impaired
▪ WEC										
Advances and	**2020**	*4, 5d*	**3**	**-**	**-**	**-**	**4,002**	**-**	**-**	Unsecured;
settlement	2019	*4, 5d*	(1,754)	-	-	-	4,005	-	-	noninterest-bearing;
	2018	*4, 5d*	97	-	-	-	2,251	-	-	due on demand
▪ WPL										
Advances and	**2020**	*4, 5d*	**128**	**-**	**-**	**-**	**194,756**	**-**	**-**	Unsecured;
settlement	2019	*4, 5d*	-	-	-	-	194,884	-	-	noninterest-bearing;
	2018	*4, 5d*	115	-	-	-	194,884	-	-	due on demand
Allowance for	**2020**	*5i*		**(59,619)**	**-**	**-**	**-**	**-**	**(161,689)**	
impairment	2019	*5i*		(59,619)	-	-	-	-	(149,237)	
losses	2018	*5i*		(61,185)	-	-	-	-	(147,783)	
TOTAL	**2020**			**P1,373,105**	**P998,645**	**P50,000**	**P1,432,422**	**P -**	**P407,513**	
TOTAL	2019			P2,025,057	P563,875	P12,500	P715,291	P777,192	P286,615	

a. Interest-bearing Advances to Related Parties

The Company granted interest-bearing advances to TWGI, PRC, CRDC and WPPC.

TWGI and PRC
The advances granted to TWGI and PRC were substantially used to finance the acquisition or development of real properties for the Company. These advances are due in one (1) year, subject to renewal. The advances to TWGI charge interest at 4% and 6% per annum in 2020 and 2019, respectively, while the advances to PRC charge interest at 2% per annum in 2020 and 2019. TWGI paid P139.17 million and P196.10 million in 2020 and 2019, respectively, while PRC had no payments in 2020 and 2019.

In a Resolution dated February 5, 2015, the Company, TWGI and PRC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI and PRC will be settled using parcels of land owned by PRC.

On April 3, 2019, the Company, TWGI and PRC made amendments to the previously issued MOU for the inclusion of the new outstanding liabilities of PWRDC to the Company. The amended MOU stated that PWRDC shall be a party to the said MOU, and all references to any obligation or rights that PWRDC shall have under the said MOU shall be in force. All other terms and conditions shall remain unchanged.

On January 6, 2021, the Company, TWGI, PRC and PWRDC made amendments to the previously issued amended MOU to exclude PWRDC since its outstanding liability was already paid in full in 2020. All other terms and conditions shall remain unchanged.

As at December 31, 2020 and 2019, the fair value of PRC's land based on valuation performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the land being valued, amounted to P7.76 billion.

On April 11, 2018, TWGI initiated the transfer of certain parcels of land totaling to P96.87 million located in Puerto Princesa, Palawan as partial settlement of the advances. On April 11, 2019, the deed of absolute sale for the transfer of certain parcels of land was signed.

On December 9, 2019, WIHI and PRC entered into a Memorandum of Agreement whereby PRC agreed to sell WIHI certain parcels of land to settle the advances as indicated in the MOU. In 2020, WIHI made partial payments amounting to P150.00 million for the purchase of certain parcels of land.

Interest receivable from TWGI amounted to P232.70 million and P200.54 million as at December 31, 2020 and 2019, respectively, while interest receivable from PRC amounted to P98.41 million and P87.75 million as at December 31, 2020 and 2019, respectively. Interest income recognized in the separate statement of comprehensive loss amounted to P38.22 million, P53.67 million and P24.05 million in 2020, 2019 and 2018, respectively. Allowance for impairment losses on receivables from TWGI amounted to P59.62 million as at December 31, 2020 and 2019.

CRDC
On December 21, 2015, the Company granted advances to CRDC with an interest of 2% per annum and maturity on December 21, 2020. At the end of 2020, the Company extended the maturity of the advances for a period of 5 years up to December 31, 2025 at an increased rate of 2.55% per annum. Interest receivable from CRDC amounted to P39.12 million and P30.76 million as at December 31, 2020 and 2019, respectively. It was agreed that CRDC has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable. Interest income recognized in the separate statement of comprehensive loss amounted to P7.47 million in 2020, 2019 and 2018 while accretion income amounted to P8.81 million, P8.44 million and P8.08 million in 2020, 2019 and 2018, respectively.

WPPC
On June 1, 2018, the Company granted advances to WPPC amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity on June 1, 2021.

On December 31, 2018, the Company granted additional advances to WPPC amounting to P33.83 million for general corporate purposes which was also paid in 2019. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity. WPPC paid nil and P33.83 million in 2020 and 2019, respectively.

At the end of 2020, the Company extended the maturity of the advances for a period of 5 years up to December 21, 2025 at a decreased rate of 4% per annum.

Interest receivable from WPPC amounted to P86.28 million and P63.88 million as at December 31, 2020 and 2019, respectively. Interest income recognized in the separate statement of comprehensive loss amounted to P20.00 million, P37.50 million and P21.88 million in 2020, 2019 and 2018 respectively.

b. Noninterest-bearing Advances to Related Parties

The Company granted noninterest-bearing advances to PWRDC, PHES, FHC, PCIC, and East Asia with no fixed term of repayment. The said advances are due and demandable at anytime.

PWRDC
On July 5, 2018, the Company granted noninterest-bearing, collateral-free advances to PWRDC which are due on demand (see Note 5a). PWRDC paid the full amount in 2020.

PHES, FHC, PCIC and East Asia
The Company has noninterest-bearing, collateral-free advances to PHES, FHC, PCIC and East Asia with no fixed term of repayment. The said advances are due on demand.

The collectability of the aforementioned advances is unconditionally recognized and guaranteed by TWGI, representing the majority stockholder.

c. Interest-bearing Advances from a Related Party

On June 1, 2018, the Company received advances from WCCCHI with an interest of 7.5% per annum and maturity on June 1, 2021. Accrued interest payable to WCCCHI amounted to P136.76 million and P88.04 million as at December 31, 2020 and 2019, respectively. Interest expense related to the advances recognized in the separate statement of comprehensive loss amounted to P43.50 million, P51.69 million and P30.15 million in 2020, 2019 and 2018, respectively.

d. Noninterest-bearing Advances from Related Parties

In the ordinary course of business, the Company obtains noninterest-bearing, collateral-free cash and non-cash advances from related parties for working capital purposes. The above advances are due and demandable at anytime.

e. Advances to Subsidiaries

These mainly represent funds provided to support subsidiaries' daily operations (see Note 4).

f. Deposits to Subsidiaries

These represent amounts set aside that will be used as subscription payments by the Company once the planned increase in the authorized capital stock of the subsidiaries has materialized (see Note 4).

g. Equity Securities - at FVOCI

The Company has investment in shares of stocks in WMPD amounting to P12.50 million consisting of 12.50 million shares with par value of P1.00 per share as at December 31, 2019. Additional investment was made in 2020 amounting to P37.50 million consisting of 37.50 million shares. This investment is measured at cost as its fair value cannot be measured reliably.

h. KMP

Currently, the Company is being managed by the Hotels' KMP. Hence, there is no key management compensation and benefits being recorded by the Company.

i. Details of the allowance for impairment losses related to due from and advances to related parties are as follows:

	2020	2019
WHMC	**P98,940,208**	P87,437,170
TWGI	**59,619,429**	59,619,429
MBI	**39,746,418**	39,746,418
WWGI	**15,061,497**	14,725,735
WFC	**7,940,491**	7,327,529
	P221,308,043	P208,856,281

The outstanding balances of related party transactions are generally settled in cash.

Total interest income on the abovementioned advances recognized in the separate statement of comprehensive loss amounted to P65.69 million, P98.64 million and P53.40 million in 2020, 2019 and 2018, respectively.

6. Property and Equipment

Movements in this account are as follows:

		For the Year Ended December 31, 2020		
	Note	**Leasehold Improvements**	**Furniture, Fixtures and Equipment**	**Total**
Cost		**P4,815,980**	**P1,767,795**	**P6,583,775**
Accumulated Depreciation and Amortization				
Beginning balance		**4,425,739**	**1,767,795**	**6,193,534**
Depreciation and amortization	*9*	**206,250**	**-**	**206,250**
Ending balance		**4,631,989**	**1,767,795**	**6,399,784**
Carrying Amount		**P183,991**	**P -**	**P183,991**

		For the Year Ended December 31, 2019		
	Note	Leasehold Improvements	Furniture, Fixtures and Equipment	Total
Cost		P4,815,980	P1,767,795	P6,583,775
Accumulated Depreciation and Amortization				
Beginning balance		4,219,489	1,767,795	5,987,284
Depreciation and amortization	*9*	206,250	-	206,250
Ending balance		4,425,739	1,767,795	6,193,534
Carrying Amount		P390,241	P -	P390,241

7. Accrued Expenses and Other Payables

This account consists of:

	Note	**2020**	2019
Accrued interest and penalties	*8*	**P1,106,279,481**	P1,046,279,481
Others		**21,188,814**	13,686,994
	13	**P1,127,468,295**	P1,059,966,475

8. Loan Payable

Social Security System (SSS) Loan

On October 28, 1999, the Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by Wellex Industries, Inc. (WII), a related party and by the assignment of 200 million common shares of the Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Company owned by TWGI and shares of stock of WII totaling 235 million and 80 million shares, respectively.

On May 13, 2004, SSS filed a civil suit against the Company for the collection of the total outstanding loan obligation before the Regional Trial Court (RTC) of Quezon City. SSS likewise asked the RTC of Quezon City for the issuance of a writ of preliminary attachment on the collateral property.

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.80 million. After the lapse of three (3) months from the issuance of RTC order, no attachment bond was posted. Thus on September 16, 2004 and September 17, 2004, the Company filed a Motion to Set Aside Order of Attachment and Amended Motion to Set Aside Order of Attachment, respectively.

On January 10, 2005, the RTC of Quezon City issued its second order denying the Company's petition after finding no compelling grounds to reverse or reconsider its initial findings dated June 18, 2004. In addition, since no writ of preliminary attachment was actually issued for failure of SSS to file a bond on the specified date, the RTC granted SSS an extension of 15 days from receipt of its second order to post the required attachment bond.

On February 10, 2005, SSS filed a Motion for Partial Reconsideration of the Order dated January 10, 2005 requesting that it be allowed to post a real property bond in lieu of a cash/surety bond and asking for another extension of 30 days within which to post the said property bond. On March 7, 2005, the Company filed its opposition to the said Motion.

On July 18, 2005, the RTC of Quezon City issued its third order denying the Company's petition and granted SSS the 30 days extension to post the said attachment bond. Accordingly, on August 25, 2005, the Company filed a Motion for Reconsideration (MR).

On September 12, 2005, the RTC of Quezon City issued its fourth order approving SSS's property bond in the total amount of P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005.

On February 22, 2006, the CA granted the Company's petition for the issuance of the Temporary Restraining Order to enjoin the implementation of the orders of the RTC of Quezon City specifically on the issuance of the writ of preliminary attachment.

On March 28, 2006, the CA granted the Company's petition for the issuance of a writ of preliminary injunction prohibiting the RTC of Quezon City from implementing the questioned orders.

On August 24, 2006, the CA issued a decision granting the Petition for Certiorari filed by the Company on November 3, 2005 and nullifying the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005 and consequently making the writ of preliminary injunction permanent.

Accordingly, SSS filed a Petition for Review on Certiorari on the CA's decision before the Supreme Court (SC).

On November 15, 2006, the First Division of the SC issued a Resolution denying SSS's petition for failure of SSS to sufficiently show that the CA committed any reversible error in its decision which would warrant the exercise of the SC's discretionary appellate jurisdiction.

The Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS filed an appeal with the CA assailing the RTC of Quezon City decision in favor of the Company, et al. SSS filed its Appellant's Brief and the Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Company only on February 27, 2017 after the specified time of the meeting. The Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

On August 30, 2019, the Court of Appeals rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Company, WII and TWGI filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Company received a copy of the Comment dated June 24, 2020.

As at the date of the BOD's approval of the separate financial statements, the Company is still awaiting Notice/Resolution from the SC on the Petition for Review.

Outstanding principal balance of the loan amounted to P375.00 million as at December 31, 2020 and 2019. Interest expense related to the SSS loan recognized in the separate statement of comprehensive loss amounted to P60.00 million, P59.92 million and P60.00 million in 2020, 2019 and 2018, respectively. Accrued interest and penalties, presented as "Accrued interest and penalties" under "Accrued expenses and other payables" account in the separate statement of financial position, amounted to P1.11 billion and P1.05 billion as at December 31, 2020 and 2019, respectively (see Note 7).

9. Other General and Administrative Expenses

This account consists of:

	Note	**2020**	2019	2018
Fines and penalties		**P2,183,000**	P -	P -
Depreciation	*6*	**206,250**	206,250	206,250
Directors' fees		**-**	175,483	189,000
Utilities		**-**	-	1,519,464
Others		**11,899,513**	5,480,127	1,421,482
		P14,288,763	P5,861,860	P3,336,196

Others include expenses on employees' allowances, postal services and other miscellaneous expenses.

10. Income Taxes

The Company's current income tax expense in 2020, 2019 and 2018 represents regular corporate income tax being the higher amount compared to minimum corporate income tax (MCIT). The MCIT is computed at 2% of gross taxable income as defined under the income tax regulations.

The components of the income tax expense (benefit) are as follows:

	2020	2019	2018
Recognized in Profit or Loss			
Current tax expense	**P5,176,869**	P11,749,149	P7,789,104
Deferred tax benefit	**(18,000,000)**	(17,977,137)	(18,000,000)
	(P12,823,131)	(P6,227,988)	(P10,210,896)

The reconciliation of the income tax benefit computed at the statutory tax rate to the actual income tax benefit shown in the separate statement of comprehensive loss is as follows:

	2020	2019	2018
Loss before income tax benefit	**(P48,565,157)**	(P13,776,982)	(P39,151,523)
Income tax benefit at 30%	**(P14,569,547)**	(P4,133,095)	(P11,745,457)
Tax effects of:			
Nondeductible expenses	**4,390,428**	436,070	4,779,667
Income not subjected to income tax	**(2,644,012)**	(2,530,963)	(3,245,106)
	(P12,823,131)	(P6,227,988)	(P10,210,896)

The deferred tax asset recognized as at December 31, 2020 and 2019 amounting to P71.98 million and P53.98 million, respectively, pertains to the tax effect on the accrued interest expense (see Notes 7 and 8).

11. Right to Provide Venue for Land-based Casinos

PAGCOR has granted the Company the right to provide venue for land-based casinos. By virtue of this right, the Company's subsidiaries, namely WCCCHI, WMCHI and APHC, have existing lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was renewed on March 21, 2011. Both leases expired on August 2, 2016. Thereafter, PAGCOR paid the WCCCHI and WMCHI rental on a month-to-month basis. The leases were renewed on February 15, 2018, for a period of 1 year. On May 29, 2019, the leases were further renewed until the year 2032.

For APHC, the lease agreement with PAGCOR covered the Main Area (7,093.05 sq.m.), Expansion Area A (2,130.36 sq.m.), Expansion Area B (3,069.92 sq.m.) and Air Handling Unit Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2016. As at December 31, 2017, PAGCOR continued to operate a portion of the lease area on a month-to-month basis while completing its pullout from the Hotel. The month-to-month lease of PAGCOR effectively ended on March 18, 2018 due to the fire incident (see Note 1).

In 2008, the Company file an application for a license of its planned integrated resort, *Grand Waterfront Casino and Hotel*, in Expo Pilipino Entertainment City, commonly known as Entertainment City.

However, PAGCOR failed to respond to the application, and the Company filed legal action in 2015 which Manila RTC ruled in favor of the Company. In 2018, CA upheld the decision, and it ordered PAGCOR to issue the Company a license similar to that of the integrated resorts currently existing in Entertainment City.

In February 2020, the Supreme Court denied the petition of PAGCOR for review and in October 2020, the Company received the notice that the decision has become final and executory.

12. Equity

Capital Stock
Details of capital stock as at December 31, 2020 and 2019 are as follows:

	Number of Common Shares	Amount
Authorized capital stock:		
Common shares at P1 par value each	**5,000,000,000**	**P5,000,000,000**
Issued and outstanding	**2,498,991,753**	**P2,498,991,753**

A summary of the Company's securities registration is as follows:

Date of Registration/Listing	Securities
March 17, 1995	112.50 million shares
(Initial Public Offering)	On October 7, 1994, the SEC approved the increase in the authorized capital stock of the Company to P450.00 million divided into 450 million shares with a par value of P1 per share, out of which, 337.50 million shares were already subscribed.
April 18, 1996	944.97 million shares
	On September 18, 1995, the BOD resolved to increase the authorized capital stock of the Company to P2.00 billion divided into 2 billion shares with a par value of P1 per share. The purpose of the increase was to finance the construction of WCCCHI's hotel project.
December 15, 1999	888.47 million shares
	On August 7, 1999, the BOD resolved to increase the authorized capital stock of the Company to P5.00 billion divided into 5 billion shares with a par value of P1 per share. The purpose of the increase was to accommodate the acquisition of DIHCI's outstanding common shares for 888.47 million shares of the Company with an offer price of P2.03 per share.

The Company has not sold any unregistered securities for the past 3 years. As at December 31, 2020 and 2019, 1.95 billion shares of the Company are listed on the PSE and has a total of 436 shareholders.

On July 20, 2007, the BOD resolved to increase the authorized capital stock of the Company to P10.00 billion with 10 billion shares at par value of P1 per share. This resolution was ratified by the Company's stockholders owning at least two-thirds of the outstanding capital stock during the annual stockholders' meeting held on August 25, 2007.

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Company. As at December 31, 2020, the Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

Capital Management

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Company's overall strategy remains unchanged from 2020 and 2019.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2020 and 2019.

For purposes of the Company's capital management, capital includes all equity items that are presented in the separate statement of changes in equity.

The Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the Omnibus Loan and Security Agreement (the Agreement) (see Note 15). Breaches in meeting the financial covenants would permit the bank to immediately call the loans. There were no breaches of the financial covenants in 2019. As at December 31, 2020, WCCCHI did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement (see Note 15).

13. Financial Instruments - Fair Values and Risk Management

Risk Management Structure
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Company. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Company's approach to risk issues in order to make relevant decisions.

Risk Management Committee
Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Company's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash in bank, advances to subsidiaries, due from related parties, equity securities - at FVOCI, accrued expenses and other payables, loan payable and due to related parties. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Company are credit risk and liquidity risk. There has been no change to the Company's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Company's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from related parties. There has been no change to the Company's exposure to credit risks or the manner in which it manages and measures the risk since prior financial year.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the separate statement of financial position (or in the detailed analysis provided in the notes to the separate financial statements), as summarized below:

	Note	**2020**	2019
Cash in bank		**P21,139**	P73,057
Advances to subsidiaries	*4*	**569,204,432**	435,851,362
Due from related parties	*5*	**2,431,370,177**	2,648,551,519
Equity securities - at FVOCI	*5*	**50,000,000**	12,500,000
		P3,050,595,748	P3,096,975,938

Except for the impaired advances to subsidiaries amounting to P161.69 million and due from related parties amounting to P59.62 million, management believes that all its financial assets are of standard grade and of good credit quality. Standard grade financial assets are those past due but not impaired receivables and with fair collection status. This category includes credit grades 4-5. The standard grade category includes those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a considerable length of time.

The following table summarized the aging and credit quality of the Company's financial assets as at December 31 (in thousands):

2020	**Total**	**Neither Past Due nor Impaired**	**Past Due but not Impaired** **<30 Days**	**31 - 60 Days**	**61 - 90 Days**	**>90 Days**	**Impaired**
Cash in bank	**P21**	**P21**	**P -**	**P -**	**P -**	**P -**	**P -**
Advances to subsidiaries	**569,204**	**407,513**	**-**	**-**	**-**	**-**	**161,691**
Due from related parties	**2,431,370**	**412,370**	**-**	**-**	**-**	**1,959,380**	**59,620**
Equity securities - at FVOCI	**50,000**	**50,000**	**-**	**-**	**-**	**-**	**-**
	P3,050,595	**P869,904**	**P -**	**P -**	**P -**	**P1,959,380**	**P221,311**

2019	Total	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days	31 - 60 Days	61 - 90 Days	>90 Days	Impaired
Cash in bank	P73	P73	P -	P -	P -	P -	P -
Advances to subsidiaries	435,851	286,615	-	-	-	-	149,236
Due from related parties	2,648,552	959,072	-	-	-	1,629,861	59,619
Equity securities - at FVOCI	12,500	12,500	-	-	-	-	-
	P3,096,976	P1,258,260	P -	P -	P -	P1,629,861	P208,855

Allowance for impairment losses of P221.31 million and P208.86 million on the Company's advances to subsidiaries and due from related parties was recognized by the Company as at December 31, 2020 and 2019, respectively (see Notes 4 and 5).

The table below shows the credit quality of the Company's financial assets based on their historical experience with the corresponding debtors and subsidiaries (in thousands).

	As at December 31, 2020			
	Grade A	**Grade B**	**Grade C**	**Total**
Cash in bank	**P21**	**P -**	**P -**	**P21**
Advances to subsidiaries	**407,513**	**-**	**161,691**	**569,204**
Due from related parties	**412,370**	**1,959,380**	**59,620**	**2,431,370**
Equity securities - at FVOCI	**50,000**	**-**	**-**	**50,000**
	P869,904	**P1,959,380**	**P221,311**	**P3,050,595**

	As at December 31, 2019			
	Grade A	Grade B	Grade C	Total
Cash in bank	P73	P -	P -	P73
Advances to subsidiaries	286,615	-	149,236	435,851
Due from related parties	959,072	1,629,861	59,619	2,648,552
Equity securities - at FVOCI	12,500	-	-	12,500
	P1,258,260	P1,629,861	P208,855	P3,096,976

Grade A receivables pertain to receivables that are neither past due nor impaired which have good collection status. These receivables are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations. Grade B receivables are those past due but not impaired receivables and with fair collection status. These receivables include those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a length of time. Those receivables which have continuous default collection issues are included under Grade C receivables. These receivables have counterparties that are most likely not capable of honoring their financial obligations.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. In the management of liquidity risk, the Company monitors and maintains a level of cash deemed adequate by management to finance its activities. Additional short-term funding is obtained thru related party advances and from bank loans, when necessary.

The financial liabilities of the Company at the reporting date include accrued expenses and other payables, current portion of due to related parties and loan payable which are all short-term in nature and are payable within one year from the reporting date. In order to meet its maturing financial obligations, the Company will use the cash collections from its related parties.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, based on contractual undiscounted payments (in thousands):

2020	Note	Total Carrying Amount	Contractual Undiscounted Payments Total	On Demand	< 1 Year	1 to 5 Years	> 5 Years
Accrued expenses and other payables	*7*	**P1,127,468**	**P1,127,468**	**P1,127,468**	**P -**	**P -**	**P -**
Loan payable	*8*	**375,000**	**375,000**	**375,000**	**-**	**-**	**-**
Due to related parties	*5*	**1,432,422**	**1,432,422**	**698,850**	**733,572**	**-**	**-**
		P2,934,890	**P2,934,890**	**P2,201,318**	**P733,572**	**P -**	**P -**

2019	Note	Carrying Amount	Contractual Undiscounted Payments Total	On Demand	< 1 Year	1 to 5 Years	> 5 Years
Accrued expenses and other payables	*7*	P1,059,966	P1,059,966	P1,059,966	P -	P -	P -
Loan payable	*8*	375,000	375,000	375,000	-	-	-
Due to related parties	*5*	1,492,483	1,492,483	715,291	-	777,192	-
		P2,927,449	P2,927,449	P2,150,257	P -	P777,192	P -

<u>Fair Value of Financial Instruments</u>

The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as at December 31, 2020 and 2019 (in thousands):

	2020		2019	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets				
Cash in bank	**P21**	**P21**	P73	P73
Advances to subsidiaries - net	**407,513**	**407,513**	286,615	286,615
Due from related parties - net	**2,371,750**	**2,371,750**	2,588,933	2,588,933
Equity securities - at FVOCI	**50,000**	**50,000**	12,500	12,500
	P2,829,284	**P2,829,284**	P2,888,121	P2,888,121

	2020		2019	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Liabilities				
Accrued expenses and other payables	**P1,127,468**	**P1,127,468**	P1,059,966	P1,059,966
Loan payable	**375,000**	**375,000**	375,000	375,000
Due to related parties	**1,432,422**	**1,432,422**	1,492,483	1,492,483
	P2,934,890	**P2,934,890**	P2,927,449	P2,927,449

The carrying amount of cash, advances to subsidiaries, noninterest-bearing due from related parties, accrued expenses and other payables and due to related parties approximate their fair values due to the short-term maturity of these instruments.

The equity securities at FVOCI are not actively traded in organized financial markets, thus, its fair value cannot be determined reliably. In effect, the investment is carried at cost less impairment loss, if any.

The fair value of interest-bearing due from related parties and loan payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at the reporting date, thus, the carrying amount approximates fair value.

14. Bureau of Internal Revenue (BIR) Assessment

On November 10, 2008, the Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Company sent a protest letter to BIR contesting the said assessment. On February 18, 2009, the Regional Office of the BIR sent a letter to the Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification.

On December 8, 2009, the Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the value-added tax (VAT) and compromise penalty assessments. The Company decided not to contest the EWT assessment. The BIR filed its MR on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at December 31, 2020, the Company is still awaiting SC's decision.

Management and its legal counsels believe that the position of the Company is sustainable, and accordingly, believe that the Company does not have a present obligation (legal or constructive) with respect to the assessment.

15. Omnibus Loan and Security Agreement

On December 21, 2017, the Company, WCCCHI, WMCHI, DIHCI, CRDC and PRC (collectively, the Borrowers) entered into the Agreement with Philippine Bank of Communications (PBCOM) for the latter to provide the Borrowers multiple term loan facilities (the Loan Facilities) for general corporate purposes in the maximum aggregate amount of up to P1.50 billion.

The Loan Facilities consists of the following:

Facility 1 - represents secured term loan facility in the amount of P850.00 million available through a single or multiple drawdowns with term of fifty-four (54) months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Commitment period means the period commencing from the date of the agreement and terminating on the earliest of: (a) six (6) months from the signing of the Agreement; (b) the date when the commitment is fully drawn or availed by mutual agreement of the parties; or (c) the date when the commitment is terminated or cancelled in accordance with the terms of the Agreement.

Facility 2 - represents secured term loan facility in the amount of P200.00 million available through a single or multiple drawdowns with term of fifty-four (54) months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

Facility 3 - represents secured term loan facility in the amount of P450.00 million available through a single or multiple drawdowns with term of forty-two (42) months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Facility 3 requires, on or before the initial drawdown date, the borrower to cause the relevant mortgagors to constitute in favor of PBCOM a first ranking real estate mortgage over Davao Agricultural Property located at Matina, Pangi, Tolomo, Davao City consisting of parcels of agricultural real property containing an aggregate area of seventy (70) hectares registered in the names of CRDC and PRC, and Locob property still registered in the name of an individual, and register such security interest with appropriate Registry of Deeds.

The loan principal is repayable on equal monthly installments to commence at the end of sixth (6th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of four (4)-year PDSTR2 rate on the date of availment and spread of 3.25% per annum or 7.75% per annum, and repayable monthly from the drawdown date.

The Loan Facilities are secured by chattel and real mortgages over various operating assets of WCCCHI and DIHCI; real estate mortgages over Davao Agricultural Property; assignment over leasehold rights on the land owned by Mactan Cebu International Airport Authority on which WCCCHI stands; and pledge of shares of stocks representing ownership of the Company in WCCCHI and DIHCI.

Each of the Borrowers is required to comply with certain covenants during the term of the Agreement and until the full payment of the amounts due which include, among others:

1. Debt to Equity Ratio of not higher than 2.5:1;

2. Debt Service Coverage Ratio of at least 1.25x; and

3. To appoint PBCOM's nominees as Corporate Secretary in WCCCHI and DIHCI and nominate and elect such number of PBCOM's nominees as will comprise the majority of the Board of Directors in WCCCHI and DIHCI, provided however, that the exercise of the abovementioned proxy and/or voting rights granted to PBCOM shall be exercised solely for the purpose of protecting, preserving, and enforcing its rights and interests under the Agreement and shall not be used by the latter to effect any takeover of the day-to-day operations of said corporations.

4. Negative covenants which prohibit each of the Borrowers to:

    - Change the nature or scope of its business as presently conducted, or liquidate or dissolve, or enter into any consolidation, merger, pool, joint venture, syndicate or other combination, or sell, lease or dispose of a substantial portion (as determined by PBCOM) of its business or assets, with market or book value of P500.00 million or more;

- Permit any change in ownership (direct or indirect), management or control of its business, which results in the present majority stockholders ceasing to hold, whether directly or indirectly through any person beneficially, at least sixty-eight percent (68%) of the direct or indirect beneficial or economic interest in each of the Borrowers;
- Declare or pay dividends to stockholders and make any capital or asset distribution to stockholders;
- Purchase, redeem, retire or otherwise acquire for value any of capital stock now or hereafter outstanding (other than as a result of the conversion of any shares of capital stock into shares of any other class of capital stock), return any capital to its stockholders as such, or make any distribution of assets to its stockholders as such (other than distribution payable in shares of its own outstanding capital stock);
- File any legal action to question any corporate act or transaction;
- Extend any loans, advances or subsidies to any corporation, partnership or entity owned by the Borrowers or in which it may have equity, other than advances in the ordinary course of business; and
- Extend any loans or advances to any of its directors, officers, stockholders, affiliates and partners other than advances in the ordinary course of business.

As at December 31, 2020, WCCCHI did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement. While there was such non-compliance, the Agreement provides a process including notifications between the Group and PBCOM prior to a declaration of default. In relation to this, the Company notified PBCOM of the said breach which was subsequently waived by the latter. Thus, the noted breach did not result in an event of default and did not have the effect of rendering the loans immediately due and demandable.

As at December 31, 2019, the Borrowers were in compliance with the above covenants.

All drawdowns were made by WCCCHI. The outstanding balances of the loans under the Loan Facilities are presented in the financial position of WCCCHI as follows:

2020

Loan Facility	**Current Portion**	**Noncurrent Portion**	**Outstanding Balance**
Facility 1	**P102,127,660**	**P518,085,106**	**P620,212,766**
Facility 2	**25,531,915**	**117,021,276**	**142,553,191**
Facility 3	**125,000,000**	**-**	**125,000,000**
	P252,659,575	**P635,106,382**	**P887,765,957**

2019

Loan Facility	Current Portion	Noncurrent Portion	Outstanding Balance
Facility 1	P100,000,000	P622,340,426	P722,340,426
Facility 2	25,000,000	143,085,106	168,085,106
Facility 3	150,000,000	125,000,000	275,000,000
	P275,000,000	P890,425,532	P1,165,425,532

The drawdowns and payments made by WCCCHI under the Loan Facilities are presented below:

2020

Loan Facility	**Drawdown Date**	**Maturity Date**	**Payment Terms**	**Monthly Amortization**	**Principal**	**Principal Payments**	**Outstanding Balance**
Facility 1	3/13/2018	9/12/2022	54 months	P8,510,638	P850,000,000	P229,787,234	P620,212,766
Facility 2	3/20/2018	9/19/2022	54 months	2,127,660	200,000,000	57,446,809	142,553,191
Facility 3	4/10/2018	10/9/2021	42 months	12,500,000	450,000,000	325,000,000	125,000,000
					P1,500,000,000	**P612,234,043**	**P887,765,957**

2019

Loan Facility	Drawdown Date	Maturity Date	Payment Terms	Monthly Amortization	Principal	Principal Payments	Outstanding Balance
Facility 1	3/13/2018	9/12/2022	54 months	P8,333,333	P850,000,000	P127,659,574	P722,340,426
Facility 2	3/20/2018	9/19/2022	54 months	2,083,333	200,000,000	31,914,894	168,085,106
Facility 3	4/10/2018	10/9/2021	42 months	12,500,000	450,000,000	175,000,000	275,000,000
					P1,500,000,000	P334,574,468	P1,165,425,532

Total interest expense paid by WCCCHI arising from the Loan Facilities amounted to P87.27 million, P119.78 million and P101.48 million in 2020, 2019 and 2018, respectively.

16. Other Matter - Continuing Impact of COVID-19

The COVID-19 outbreak has spread across the globe causing disruptions to businesses and economic activities. On January 30, 2020, the World Health Organization announced COVID-19 as a global health emergency and, on March 11, 2020, declared it as a pandemic.

As at the date of the authorization for issue of the financial statements, Cebu City has been placed under Modified General Community Quarantine which provides for, among others, normal movements of people provided they continue to wear masks, maintain social distancing and observe other necessary health protocols; work in all sectors are allowed to operate at full capacity; and resumption of public transportation, among others.

The Company has assessed that COVID-19 will continue to have significant impact on its operations. The full impact on the Company will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Company's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Company's separate financial statements when these become estimable.

17. Restatement of Balances

Adjustments were made to recognize investments in subsidiaries, WIHI, WPPHI and WCVI, that were not recorded by the Company as at December 31, 2019. Also, the restatements included an investment in WMPD representing 10% of the total capital stock that was not recognized in "Equity securities - at FVOCI" amounting to P12.50 million as at December 31, 2019. The related accounts with corresponding amounts in the Company's separate financial statements as at and for the year ended December 31, 2019, that were affected by the said adjustments are shown in the summary below.

Summary of Quantitative Impact
The following table summarizes the impact of the correction of errors on the Company's separate financial statements as at December 31, 2019.

	As Previously Reported	Effect of Restatements	As Restated
Statement of Financial Position			
Due from related parties - current portion	P2,136,098,926	(P111,041,836)	P2,025,057,090
Equity securities - at FVOCI	-	12,500,000	12,500,000
Investments and advances to subsidiaries	2,286,888,118	123,541,836	2,410,429,954
Due to related parties - current portion	690,290,680	25,000,000	715,290,680

The above adjustments did not have any significant impact on the Company's separate statement of cash flows and its compliance with the loan covenants.

18. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these separate financial statements, except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards and Framework
The Company has adopted the following amendments to standards and framework starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's separate financial statements.

- Amendments to References to Conceptual Framework in PFRSs set out amendments to PFRSs, their accompanying documents and PFRSs practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;
  - guidance on reporting financial performance;
  - improved definitions of an asset and a liability, and guidance supporting these definitions; and
  - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- Definition of Material (Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  (a) raising the threshold at which information becomes material by replacing the term ‘could influence’ with ‘could reasonably be expected to influence’;
  (b) including the concept of ‘obscuring information’ alongside the concept of ‘omitting’ and ‘misstating’ information in the definition;
  (c) clarifying that the users to which the definition refers are the primary users of general-purpose financial statements referred to in the Conceptual Framework;
  (d) clarifying the explanatory paragraphs accompanying the definition; and
  (e) aligning the wording of the definition of material across PFRSs and other publications.

  The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

<u>Financial Instruments</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition
Financial instruments are recognized in the separate statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates these classifications at each reporting date.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Measurement at Initial Recognition
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

Financial Assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or FVTPL, based on their contractual cash flow characteristics and the business model for managing the financial assets.

Debt Instruments

Financial Assets Measured at Amortized Cost

A financial asset that is a debt instrument, other than those that are designated at FVTPL, which meet both of the following conditions:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Included in this category are the Company's cash in bank, advances to subsidiaries, and due from related parties.

Cash in Bank

Cash in bank is stated at face value.

FVOCI

A financial asset that is a debt instrument measured at FVOCI shall meet both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

There is no financial asset that is a debt instrument measured at FVOCI as at December 31, 2020 and 2019.

FVTPL

All other financial assets not measured at FVOCI or at amortized cost are classified as measured at FVTPL, except when the financial asset is part of a hedging relationship. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

There are no financial assets at FVTPL as at the date of initial application and as at December 31, 2020 and 2019.

Equity Instruments

Financial assets that are equity instruments shall be classified under any of the following categories:

- Financial assets measured at FVTPL which shall include financial assets held for trading; or

- Financial assets at FVOCI which shall consist of equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, *Business Combinations*, applies. This election is made on an instrument-by-instrument basis.

Included in this category are the Company's equity securities - at FVOCI.

Equity Securities - at FVOCI
Equity securities at FVOCI are nonderivative financial assets that are either designated in this category or not classified in any of the other categories. Changes in the fair value of such assets are accounted for as OCI and included in the fund balance. These financial assets are classified as noncurrent assets unless there is intention to dispose of such assets within 12 months from the reporting date.

The fair value of equity securities at FVOCI that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business of the reporting date. For equity securities at FVOCI where there is no active market, fair value is determined using valuation techniques. However, when fair value cannot be determined reliably, the investment is accounted for at cost less impairment loss, if any.

The Company's financial assets measured at FVOCI pertain to equity securities carried at cost.

Equity securities at cost represent investment holdings that the Company originally intended to hold for long-term strategic purposes. The Company recognized this investment at cost because these investments do not have a quoted market price in an active market, and its fair value cannot be measured reliably. An assessment for impairment is undertaken at least each reporting date whether or not there is objective evidence that the financial asset is impaired.

Business Model Assessment
Business model pertains to the manner by which a portfolio of financial assets will be managed to generate cash flows such as by collecting contractual cash flows or by both collecting contractual cash flows and selling the financial assets, among others.

The Company makes an assessment of the objective of the business model for the financial assets because this best reflects the way the financial assets are managed. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, earning dividend income, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash outflows through the sale of assets;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose financial performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether Contractual Cash Flows are SPPI
In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse features).

Prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired for a discount or premium to its contractual face amount, a feature that permit or requires prepayment that an amount that substantially represents the contractual face amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent Measurement of Financial Assets
Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts recognized in OCI are not classified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Classification and Measurement of Financial Liabilities
Financial Liabilities
Financial liabilities are initially recognized at fair value. Transaction costs are deducted from the initial measurement of the Company's financial liabilities except for debt instruments classified at FVTPL.

Financial liabilities are subsequently measured as follows:

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

As at December 31, 2020 and 2019, other financial liabilities at amortized cost include accrued expenses and other payables, due to related parties and loan payable (see Notes 5, 7 and 8). There are no financial liabilities measured at FVTPL.

Other Financial Liabilities at Amortized Cost
Issued financial instruments or their components which are not classified as financial liabilities at FVTPL are classified as other financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of Financial Instruments
Financial Asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in separate statement of comprehensive loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, thus, the related assets and liabilities are presented at gross amounts in the separate statement of financial position.

As at December 31, 2020 and 2019, only due to/from related party transactions were offset in the separate financial statements. The said accounts were being set-off because the management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Determination and Measurement of Fair Value
The Company measures financial instruments at fair value at each separate statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to market participant that would use the asset in its highest and best use.

The Company uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the separate statement of financial position on a recurring basis, the Company determines whether transfer have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" Difference) in the separate statement of comprehensive loss in the period when the asset is acquired or the liability is incurred. In cases where the transaction price used is based on inputs which are not observable, the difference between the transaction price and model value is only recognized in the profit or loss in the period when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" Difference.

Impairment of Financial Assets
Impairment of Financial Instruments
At the date of initial application of PFRS 9, the Company uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compared that to the credit risk at the date of initial application.

Lifetime ECLs result from all possible default events over the expected life of a financial instruments while 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period of the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Movement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial assets.

Credit-impaired Financial Assets
At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. The financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than the normal credit terms of the Company;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Current and Noncurrent classification
The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Investments in Subsidiaries
Subsidiaries are entities controlled by the Company. The Company controls an entity if, and only if, the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Company carries its investments in shares of stock of its subsidiaries under the cost method of accounting for investments. Under this method, investments are carried at cost less impairment losses. The investor recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of the acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment
Measurement at Recognition
Upon recognition, items of property and equipment are measured at cost which comprises the purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use.

Measurement Subsequent to Recognition
Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent Costs
Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation and Amortization
Depreciation is computed using the straight-line method over the estimated useful lives of furniture, fixtures and equipment ranging from five (5) to ten (10) years. Leasehold improvements are amortized using the straight-line method over the term of the lease or the estimated useful lives of the improvements, whichever is shorter.

The estimated useful lives, as well as the depreciation and amortization methods are reviewed at each reporting date to ensure that the period and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use, no further charges for depreciation and amortization are made in respect of those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and related accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets
The carrying amount of the Company's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in profit or loss, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use. Fair value less cost of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairments are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation and amortization expense are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

A reversal of an impairment loss on a revalued asset is recognized in the separate statement of changes in equity and increases the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized in the profit or loss, a reversal of that impairment loss is also recognized in the profit or loss.

Revenue Recognition

Revenue from Contracts with Customers

The Company's business is primarily engaged in holding equity interests in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, and hotel management and operations.

The following specific recognition criteria must also be met before revenue is recognized:

Interest Income

Interest income is recognized as it accrues using the effective interest method.

Miscellaneous Income

Other Income is recognized when earned.

Determination of whether the Company is Acting as a Principal or an Agent

The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the goods and services;
- whether the Company has discretion in establishing prices; and
- whether the Company bears the credit risk.

If the Company has determined it is acting as a principal, the Company recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Company has determined it is acting as agent, only the net amount retained is recognized as revenue.

The Company assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Expense Recognition

Expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense are reported on an accrual basis.

Related Party Relationship

A related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its KMP, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Income Taxes

Income tax comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized in OCI or directly in equity, in which case they are recognized respectively therein.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Current Tax

Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the end of each reporting period.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interest in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax asset to be recovered. It is probable that sufficient future taxable profits will be available against which a deductible temporary difference can be utilized when there are sufficient taxable temporary difference relating to the same taxation authority and the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible temporary difference. In such circumstances, the deferred tax asset is recognized in the period in which the deductible temporary difference arises.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognized in OCI or directly in equity is recognized in the separate statement of other comprehensive income and separate statement of changes in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if there is a legally enforceable right to offset current income tax assets against current income tax liabilities and they relate to income taxes levied by the same tax authority and the Company intends to settle its current income tax assets and liabilities on a net basis.

Equity
Capital stock is classified as equity and is determined using the nominal value of share that have been issued. Capital stock is recognized at par value for all issued shares. Consideration received in excess of par value is recognized as additional paid-in capital net of incremental costs that are directly attributable to the issuance of new shares.

Accumulated deficit includes accumulated results of operations as reported in the separate statement of comprehensive loss less any dividends declared. Dividends are recorded in the period in which the dividends are approved by the BOD.

Provisions and Contingencies
A provision is a liability of uncertain timing or amount. It is recognized when the Company has a legal or constructive obligation as a result of a past event; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the separate financial statements but are disclosed when the inflow of economic benefits is virtually certain.

Events After the End of the Reporting Date
The Company identifies post year-end events as events that occurred after the reporting date but before the date when the separate financial statements were authorized for issue. Any post year-end events that provide additional information on conditions that existed at the end of a reporting period (adjusting events) are recognized in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

Amendments to Standards Issued Not Yet Adopted
A number of amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Company has not early adopted the following amendments to standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

To be Adopted January 1, 2022

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, *Property, Plant and Equipment*). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRSs 2018-2020. This cycle of improvements contains amendments to four standards. Below is applicable to the Company:

  - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

To be Adopted January 1, 2023

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1). To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

19. Subsequent Event

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or CREATE Act, with nine provisions vetoed by the President. Below is the salient feature of the CREATE Act that is relevant to the Company:

- Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5.00 million and with total assets not exceeding P100.00 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020; and

- Minimum corporate income tax rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

On April 8, 2021, the BIR issued the following implementing revenue regulations (RR) that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of RR No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act (RA) No. 11534, or the CREATE Act, to the National Internal Revenue Code (NIRC) of 1997, As Amended, Relative to the Final Tax on Certain Passive Income;*

- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 of RA No. 11534, Otherwise Known as the CREATE Act, Amending Section 20 of the NIRC of 1997, As Amended;*

- BIR RR No. 4-2021, *Implementing the Provisions on VAT and Percentage Tax Under RA No. 11534, Otherwise Known as the CREATE Act, Which Further Amended the NIRC of 1997, As Amended, as Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended;* and

- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to RA No. 11534 or the CREATE Act, Which Further Amended the NIRC of 1997, As Amended.*

The enactment of the CREATE Act is a non-adjusting subsequent event, thus, the current and deferred income taxes as at December 31, 2020 are measured using the applicable income tax rates as of December 31, 2020.

Further, the BIR has issued its RR No. 5-2021 to promulgate the implementation of the new income tax rates on the regular income of corporations, on certain passive incomes and additional allowable deductions of persons engaged in business or practice of profession as provided for in the CREATE Act. The corporate income tax of the Company will be lowered from 30% to 25% for large corporations on which the Company would qualify, effective July 1, 2020.

Presented below is the estimated effect of changes in tax rates under the CREATE Act.

	As at December 31, 2020	**Effect of Changes in Tax Rates**	**Amounts Based on the Reduced Tax Rates**
Separate Statement of Comprehensive Loss			
Current tax expense	**P5,176,869**	**(P431,406)**	**P4,745,463**
Deferred tax benefit	**(18,000,000)**	**11,996,189**	**(6,003,811)**
Net loss/total comprehensive loss	**(35,742,026)**	**(11,564,783)**	**(47,306,809)**
Separate Statement of Financial Position			
Deferred tax asset	**71,977,137**	**(11,996,189)**	**59,980,948**
Income tax payable	**3,798,408**	**(431,406)**	**3,367,002**
Separate Statement of Changes in Equity			
Accumulated deficit	**(1,104,218,906)**	**(11,564,783)**	**(1,115,783,689)**
Net equity	**2,101,137,204**	**(11,564,783)**	**2,089,572,421**

20. Supplementary Information Required Under RR No. 15-2010 of the BIR

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRSs. The following are the tax information required for the taxable year ended December 31, 2020:

A. Withholding Taxes

During the year, the Company withheld expanded withholding tax amounting to P57,647.

B. All Other Taxes (Local and National)

Other taxes paid during the year recognized under "Taxes and licenses" account under General and Administrative Expenses	
License and other fees	**P110,566**

C. Deficiency Tax Assessments

As at December 31, 2020, the Company is still awaiting SC's decision on its appeal related to the VAT assessment for taxable year 2006.

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	WATERFRONT PHILIPPINES, INC.
Location of Headquarters	Cebu City, Philippines
Location of Operations	Outlined in page 11 to 16 of this report
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Outlined in Item 2. Properties from page 19 to 20
Business Model, including Primary Activities, Brands, Products, and Services	WPI is a holding company for hotel, leisure and tourism businesses.
Reporting Period	For the year ended December 31, 2020
Highest Ranking Person responsible for this report	COMPLIANCE OFFICER - MR. RICHARD RICARDO

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
WPI has set out in its initial submission of this Sustainability Report to provide information identified as material topics based on its relevance to the operations of the Corporation and the Hotels on the basis of the Sustainability Accounting Standards Board (SASB) Materiality Map, specifically, for the Hotels & Lodging industry. The SASB Materiality Map is referenced in the SEC Memorandum Circular No. 4, Series of 2009 on the Sustainability Reporting Guidelines for Publicly-Listed Companies. Per assessment, the Corporation identifies the following issues as most likely to affect the economic, environmental and social impacts of the Corporation: 1. Environmental - Energy Management, Waste and Wastewater Management 2. Social - Labour Practices, Product and/or Service Quality and Safety 3. Economic - Supply Chain Management

[1] See *GRI 102-46* (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	1,054,632,300	PhP
Direct economic value distributed:		
a. Operating costs	717,654,748	PhP
b. Employee wages and benefits	217,561,400	PhP
c. Payments to suppliers, other operating costs		Php
d. Dividends given to stockholders and interest payments to loan providers		PhP
e. Taxes given to government	66,189,717	PhP
f. Investments to community (e.g. donations, CSR)		PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The impact is seen in the creation of job opportunities for individuals who would like to pursue a career in the hotel and food & beverage industry.	Employees, Local Community	The hotel regularly monitors the manpower needed as new events and new clients are booked and signed. The hotel then hires employees based on the requirement of the properties involved.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Despite the growing population of jobseekers, some are not equipped to readily undertake delivering services to the clientele of the Company.	Employees	The Company coordinates with various avenues including schools, online job websites like LinkedIn and accredited head-hunters in finding people suitable for the tasks. Once hired, the Company also provides in-house training for skills specific to the standards observed by the hotels in the group.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There is an opportunity to provide holistic improvement to the employees, thereby promoting efficiency and effectivity at work	Employees	The Group's Human Resource Department continually provides trainings for its employees including trainings for skills, language improvement, handling of stress, etc.

Climate-related risks and opportunities[2]

This year, the Group cannot provide relevantly sufficient information to evaluate in full any climate-related risks and opportunities. The Group is currently in the process of crafting certain metrics to assess the risks as well as the opportunities at this stage.

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Disclose how the organization identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
b) Describe management's role in assessing and managing climate-related risks and opportunities	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	b) Describe the organization's processes for managing climate-related risks	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

[3] For this disclosure, impact refers to the impact of climate-related issues on the company.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	95	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Majority of the suppliers in the Group's supply chain are local establishments. This allows the Group to take advantage of delivery cost savings, shorter delivery time and generally, higher quality of goods.	Local Industry Suppliers	The Procurement Departments of the various hotels under the Group are observing the practice of preferring local suppliers.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Some of the goods and services needed by the Group might not be readily available	Guests	The Group follows an inventory monitoring procedures that take into account the delivery lead time per item per supplier
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There is an opportunity to improve the local supply chain as well as subscribe to locally-sustainable, readily available products that are sold at an affordable price range.	Suppliers, Government	The Group chooses three suppliers where the needed items will be sourced from regularly. One of the factors considered is the proximity of the supplier to the location of the hotel.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	NIL	#
Number of incidents in which employees were dismissed or disciplined for corruption	NIL	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	NIL	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)		GJ
Energy consumption (gasoline)		L
Energy consumption (LPG)	55,163.92	Kg
Energy consumption (diesel)	272,572.66	L
Energy consumption (electricity)	8,876,415	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)		GJ
Energy reduction (LPG)		GJ
Energy reduction (diesel)	247,872.65	GJ
Energy reduction (electricity)	6,006,446.00	kWh
Energy reduction (gasoline)		GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal		Cubic meters
Water consumption	227,735.00	Cubic meters
Water recycled and reused	123,300.00	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Materials used by the organization

The group currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable		kg/liters
• non-renewable		kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services		%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are**	**Management Approach**

	affected?	
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

The group currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	
Habitats protected or restored	-	
IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	-	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

[4] International Union for Conservation of Nature

Environmental impact management

The group currently does not have sufficient information to assess risks and opportunities under this category.

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	-	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	-	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	-	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Air pollutants

The group currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
NO_x	-	kg
SO_x	-	kg
Persistent organic pollutants (POPs)	-	kg
Volatile organic compounds (VOCs)	-	kg
Hazardous air pollutants (HAPs)	-	kg
Particulate matter (PM)	-	kg

What is the impact and where does it occur? What is the	Which stakeholders are affected?	Management Approach

organization's involvement in the impact?		
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Solid and Hazardous Wastes

The group currently does not have sufficient information to assess risks and opportunities under this category.

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		kg
Reusable		kg
Recyclable	1200.00	kg
Composted	270,000.00	kg
Incinerated		kg
Residuals/Landfilled	149,650.00	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	4,282.00	kg
Total weight of hazardous waste transported	80.00	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Effluents

The group currently does not have sufficient information to assess risks and opportunities under this category

Disclosure	Quantity	Units
Total volume of water discharges	123,300.00	Cubic meters
Percent of wastewater recycled	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Environmental compliance

The group currently does not have sufficient information to assess risks and opportunities under this category.

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	-	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-	#
No. of cases resolved through dispute resolution mechanism	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[5]	466	#
a. Number of female employees	209	#
b. Number of male employees	257	#
Attrition rate[6]		rate
Ratio of lowest paid employee against minimum wage		ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	5.74%	2.72%
PhilHealth	Y	4.30%	1.17%
Pag-ibig	Y	0.95%	1.17%
Parental leaves	Y	1.91%	0.04%
Vacation leaves	Y	100 %	100 %
Sick leaves	Y	100 %	100 %
Medical benefits (aside from PhilHealth))	Y	70.33%	66.54%
Housing assistance (aside from Pag-ibig)		0.00%	0.00%
Retirement fund (aside from SSS)	Y	5.26%	7.00%
Further education support		0.00%	0.00%
Company stock options		0.00%	0.00%
Telecommuting		0.00%	0.00%
Flexible-working Hours	Y	8.61%	0.00%
(Others)			

[5] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[6] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
The availability of these benefits for the employees provide them with a sense of security for when additional funds are needed in cases of sickness, etc. The benefits being provided by the company to the employees provide them also with fulfilment in the tasks that they do.	The Group follows a comprehensive Employee Handbook which outlines, enumerates and explains the benefits being provided for by the company to its employees. Said handbook also provides for the limitations and guidelines for the availment of these benefits as well.
What are the Risk/s Identified?	**Management Approach**
If the benefits are not sufficient, the employees can become dissatisfied and subsequently, unproductive.	Management has given employees with a vast number of benefits and privileges that they can avail of.
What are the Opportunity/ies Identified?	**Management Approach**
The minimal cost of the benefits causing employees to be more productive and motivated.	Continuous learning through trainings is being offered by Management.

Employee Training and Development

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
This improves the overall competence of the employees including the skills necessary for their jobs as well as improvement of their knowledge pertaining to the hotel and leisure industry.	Each supervisor appraises the employee twice a year and identifies which trainings the employee needs to do his/her job well.
What are the Risk/s Identified?	**Management Approach**
Because of limited funding, not everyone could get external training.	Management exercises an echo training program wherein employees sent on outside trainings will be tasked to echo what they’ve learned from their trainings through mini-learning sessions with their peers.
What are the Opportunity/ies Identified?	**Management Approach**
Continuous and sustained trainings will ensure quality of work.	Each department are evaluated every period for the number of training hours that the department has undertaken.

Labor-Management Relations

Of the entire group, only one subsidiary, Davao Insular Hotel Corporation, have an existing Collective Bargaining Agreement with its employees.

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	7.94%	%
Number of consultations conducted with employees concerning employee-related policies	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Diversity and Equal Opportunity

The group currently does not have an adequate number of employees from the vulnerable sector to make an assessment of impacts, risks and opportunities under this category.

Disclosure	Quantity	Units
% of female workers in the workforce	44.85%	%
% of male workers in the workforce	51.15%	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	X8	Man-hours
No. of work-related injuries	N/A	#
No. of work-related fatalities	N/A	#
No. of work related ill-health	2	#
No. of safety drills	1	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact lies in the overall safety of the employees when they are performing their tasks.	Management provides for policies that ensures that the workplace is a safe environment for its employees.
What are the Risk/s Identified?	**Management Approach**
Violations of the existing standard workplace conditions will result into penalties levied by the Department of Labour and Employment.	Each of the hotel properties have an established safety and security committee that ensures compliance with the standards set by the respective regulatory agencies.
What are the Opportunity/ies Identified?	**Management Approach**
To improve on the safety and security measures.	Regular evaluation of safety procedures including drills and trainings.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	
Child labor	Y	Policy on allowable age for hiring
Human Rights	Y	Policy on Anti Sexual Harassment

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This directly impacts the welfare of the employees. The organization can provide safety nets to ensure that employees are protected.	The Employee Company Policy set in the Employee Handbook provides in detail what are the rights of the employees whilst employed by the organization.

What are the Risk/s Identified?	Management Approach
Possibility of aired grievances and lawsuits	Management provides for a process to ensure that rights of employees are protected.
What are the Opportunity/ies Identified?	**Management Approach**
If the policies are religiously followed, a harmonious work environment can be achieved.	Consultation with legal counsel is always done before performing any activities that will affect employee welfare.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

I. **POLICY**

It is the policy of the Waterfront Hotels & Casinos to ensure that the Standard Operating Procedure *(SOP)* on accrediting suppliers is strictly observed.

II. **OBJECTIVE**

1. To provide guidelines and standard procedures in accrediting suppliers in order to:

    1. Ensure that the three Hotel Properties have one and the same accredited suppliers for all standard hotel amenities;

    2. Ensure good buy/price of supplies through volume purchases of the three properties from the accredited suppliers; and,

    3. Ensure good supply, quantity and quality-wise of goods and services.

III. **CONCEPT**

Hotel properties maintain the same standards and qualities of amenities and services. Suppliers must be accredited by the hotel to uphold the criterion being implemented.

IV. RESPONSIBILITY

- For Purchasing Head:

    1. Informs the accredited suppliers that the three (3) hotel properties are independent from each other.

- For Concerned employees:

    1. Ensure the full compliance to these policies and maintain good business relationships with suppliers with the end objective of benefit for the company.

- For Department End Users:

    1. Gives feedback to the department regarding the performance of suppliers. Performance of suppliers would mean quality of product or service, promptness of delivery, etc.

V. **GUIDELINES AND PROCEDURES**

- All suppliers of the company undergo an accreditation process before any transaction is made with said supplier.

    1. The supplier must submit a duly accomplished Supplier's Information Sheet *(refer to Forms Manual)* together with other supporting documents required prior to accreditation.
    2. The supporting documents are any of the following:
        - For Partnerships and Corporations:

            1. Securities and Exchange Commission Certificate of registration;
            2. Articles of Incorporation;
            3. List of Trade references; and
            4. Audited Financial Statements for the last three years

        - For Single Proprietorship

            1. Department of Trade and Industry Registration of Trade Name;
            2. Local Government (Mayor's) Permit;
            3. List of trade references; and
            4. Audited Financial Statements for the last three years

- The Head of Purchasing Department of each property reviews and evaluates initially all suppliers' information using the following criteria among others.

    1. Quality of the product/items/services;
    2. Track record of the supplier. Standing of the supplier/contractor in the industry that they belong to;
    3. Price of the product/goods and/or services;
    4. Adequacy of supply;
    5. Reliability in delivery;
    6. Premium or other additional services to be offered;
    7. After sales services;
    8. Credit terms being extended;

- After reviewing and evaluating the supplier's information, make and give recommendations to the Finance Department Head for approval.
- The Purchasing Department of each property must keep a master file of all Suppliers' Information Sheet and an updated price listing of products/services being offered.
- The Purchasing Department submits to the Finance Department Head, Hotel Manager and the EVP-Hotel Operations a monthly profile of all accredited suppliers with the corresponding credit terms being extended to the company.
- Three (3) accredited suppliers of similar products are maintained to avoid loss of supplies in case one supplier's products are out of stock or unavailable.
- The Finance Department Head takes control on accrediting suppliers.
  1. The Finance Department Head is the only officer of the company who has the authority to re-

voke the accreditation and blacklisting of a supplier. Department or unit heads with problems and/or difficulties with suppliers must course their written complaints to the Purchasing Head.

- The Purchasing Head investigates and evaluates the complaint within twenty four (24) hours from receipt of the written complaint.
- Purchasing Head evaluates the complaints and recommends to the Finance Department Head for proper disposition.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
During the reporting period, the relevant sustainability topics mentioned above are not taken into consideration when accrediting suppliers.	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Relationship with Community

Significant Impacts on Local Communities

The group currently does not have an adequate number of employees from the vulnerable sector to make an assessment of impacts, risks and opportunities under this category.

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

1. TOURISM	CEBU CITY	N/A	NO	N/A	
2. TOURISM	CITY OF MANILA	N/A	NO	N/A	
3. TOURISM	DAVAO CITY	N/A	NO	N/A	
4. TOURISM	LAPU-LAPU CITY	N/A	NO	N/A	

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____________

Certificates	**Quantity**	**Units**
FPIC process is still undergoing	-	#
CP secured	-	#

What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Customer Management

Customer Satisfaction

Disclosure	**Score**	**Did a third party conduct the customer satisfaction study (Y/N)?**
Customer satisfaction Revinate Reviews		Y

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Customer satisfaction helps improve the processes of the hotel and generates a steady source of revenue.	Whenever there are dissatisfied customers, the management sets out to undertake measures to ensure that the concerns of the client or guests are addressed.
What are the Risk/s Identified?	**Management Approach**
Possibility of lawsuits and complaints	Management checks for the reviews provided by the clients to identify if there have been problems

	during the stay of the guests.
What are the Opportunity/ies Identified?	**Management Approach**
Having a customer satisfaction review helps the organization assess its processes.	Each hotel room or food and beverage outlet has a set of customer satisfactions forms that the customer can fill out.

Health and Safety

The group currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*		#
No. of complaints addressed		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Marketing and labelling

The group currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*		#
No. of complaints addressed		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This impacts the confidentiality of customer information.	Management follows a set of strict procedures that safeguards the information provided by customers.
What are the Risk/s Identified?	**Management Approach**
Risks that customer information might get leaked.	Management has provided both manual and technological safety nets to protect customer information from getting leaked.
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Data Security

The group currently does not have sufficient information to assess risks and opportunities under this category.

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Hotel and Leisure Food and Beverage Service	Generation of jobs for the population while providing quality service to clientele	Opportunities to offer jobs to the vulnerable sector are scarce.	Management can assess procedures and existing policies to find more opportunities to provide for the vulnerable sector.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

COVER SHEET

A	S	0	9	4	-	8	6	7	8

SEC Registration Number

WATERFRONT PHILIPPINES, INC.

(Company's Full Name)

NO. 1 WATERFRONT DRIVE
OFF SALINAS DRIVE LAHUG
CEBU CITY

(Business Address : No. Street City / Town / Province)

MS. IRISH CHARA LAWAS	855-90129
Contact Person	Company Telephone Number

12	31	SEC 17 - Q1	11	16
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

435		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSIONSEC
FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended

March 31, 2021

2. SEC Identification Number

AS0948678

3. BIR Tax Identification No.

D80003978254NV

4. Exact name of issuer as specified in its charter

WATERFRONT PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization

PHILIPPINES

6. Industry Classification Code (SEC Use Only)

7. Address of principal office

NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU CITY Postal Code 6000

8. Issuer's telephone number, including area code

032-2326888

9. Former name or former address, and former fiscal year, if changed since last report

NOT APPLICABLE

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES - P1.00 PAR VALUE	2,498,991,753

11. Are any or all of registrant's securities listed on a Stock Exchange?

- (●) Yes
- ( ) No

If yes, state the name of such stock exchange and the classes of securities listed therein:

THE PHILIPPINE STOCK EXCHANGE

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

- (•) Yes
- ( ) No

(b) has been subject to such filing requirements for the past ninety (90) days

- ( ) Yes
- (•) No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Waterfront Philippines, Incorporated

PSE Disclosure Form 17-2 - Quarterly Report *References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the period ended	March 31, 2021
Currency (indicate units, if applicable)	PESO

Balance Sheet

	Period Ended	Calendar Year Ended (Audited)
	March 31, 2021	Dec 31, 2020
Current Assets	4,332,879,692	4,423,715,641
Total Assets	15,385,268,063	15,243,298,917
Current Liabilities	2,865,552,083	2,674,648,755

Total Liabilities	5,833,886,861	5,840,935,650
Retained Earnings/(Deficit)	1,270,474,575	1,113,890,733
Stockholders' Equity	15,385,268,063	15,243,298,917
Stockholders' Equity - Parent	8,476,120,044	8,319,536,202
Book Value per Share	3.39	3.33

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	181,799,409	380,707,023	181,799,409	380,707,023
Other Revenue	79,041,453	78,630,392	79,041,453	78,630,392
Gross Revenue	260,840,862	459,337,415	260,840,862	459,337,415
Operating Expense	152,991,847	232,241,889	152,991,847	232,241,889
Other Expense	119,882,605	163,905,110	119,882,605	163,905,110
Gross Expense	272,874,453	396,147,000	272,874,453	396,147,000
Net Income/(Loss) Before Tax	(12,033,591)	63,190,415	(12,033,591)	63,190,415
Income Tax Expense	0.00	0.00	0.00	0.00
Net Income/(Loss) After Tax	(12,033,591)	63,190,415	(12,033,591)	63,190,415
Net Income Attributable to Parent Equity Holder	(1,526,930)	75,245,124	(1,526,930)	75,245,124
Earnings/(Loss) Per Share (Basic)	(0.001)	0.030	(0.001)	0.030
Earnings/(Loss) Per Share (Diluted)	(0.001)	0.030	(0.001)	0.030

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.774	0.153
Earnings/(Loss) Per Share (Diluted)	0.774	0.153

Financial Ratios

	Formula	March 31, 2021	March 31, 2020
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	1.512	1.705
Quick Ratio	(Current Assets - Inventory - Prepayments)/ Current Liabilities	1.426	1.569
Solvency Ratio	Total Assets / Total Liabilities	2.637	2.451
Financial Leverage Ratios			
Debt Ratio	Total Debt / Total Assets	0.379	0.408
Debt-to-Equity Ratio	Total Debt / Total Stockholders' Equity	0.634	0.770
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	-1.160	1.079
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.671	1.889
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of service/ Sales	0.413	0.494
Net Profit Margin	Net Profit / Sales	-0.046	0.138
Return on Assets	Net Income / Total Assets	0.005	0.005
Return on Equity	Net Income / Total Stockholders' Equity	0.008	0.009
Price / Earnings Ratio	Price Per Share / Earnings Per Common Share	0.026	0.030
Book Value	Total Common Stockholder's Equity-Parent/No. of Common Shares	3.392	2.700

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to Annex A.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to Annex B.

PART II—OTHER INFORMATION

NONE

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: Waterfront Philippines, Inc.
Issuer Atty. Arthur R. Ponsaran

Signature and Title ______________________
Corporate Secretary

Date ______________________

Compliance Officer Richard L. Ricardo

Signature and Title ______________________
Compliance Officer

Date ______________________

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES **Annex A**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31, 2021

	Unaudited	Unaudited	Audited
	March 31, 2021	March 31, 2020	December 31, 2020
ASSETS			
Current Assets			
Cash and cash equivalents	**1,043,472,073**	729,810,089	1,178,166,307
Receivables - net	**581,405,689**	659,991,900	530,644,331
Notes receivable	**224,096,882**	94,322,042	223,366,443
Insurance receivable	-	-	
Inventories	**21,205,383**	28,212,728	22,701,161
Due from related parties - current portion	**2,248,036,676**	2,474,921,716	2,258,300,814
Prepaid expenses and other current assets	**214,662,989**	312,795,340	210,536,585
Total Current Assets	**4,332,879,692**	4,300,053,815	4,423,715,641
Noncurrent Assets			
	-	-	
Due from related parties - noncurrent portion	**1,126,863,324**	830,650,008	998,645,371
Goodwill	-	-	
Property and equipment - net	**8,679,575,996**	6,617,313,773	8,533,226,271
Right of use Asset	**152,339,717**		125,620,765
Equity Securities - at fair value through other comprehensive income	**19,423,040**	17,827,920	69,735,540
Deferred tax assets	**378,677,641**	124,547,808	167,667,132
Other noncurrent assets	**695,508,654**	841,078,011	924,688,197
Total Noncurrent Assets	**11,052,388,372**	8,431,417,520	10,819,583,276
	15,385,268,063	12,731,471,335	15,243,298,917
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	**1,706,906,322**	2,081,566,485	1,938,290,666
Loans payable - current portion	**673,472,566**	651,000,000	627,659,575
Income tax payable	**3,832,642**	11,673,201	65,326,208
Contract payable	-	-	
Provisions	**25,826,487**	30,284,990	
Other current liabilities	**455,514,066**	23,042,790	43,372,306
Total Current Liabilities	**2,865,552,083**	2,797,567,466	2,674,648,755
Noncurrent Liabilities			
Loans payable - noncurrent portion	**635,106,382**	844,148,936	635,106,382
Deferred tax liabilities	**1,558,947,028**	1,026,213,790	1,982,765,286
Retirement benefits liability	-		
Other noncurrent liabilities	**774,281,367**	525,823,562	548,415,227
Total Noncurrent Liabilities	**2,968,334,777**	2,396,186,288	3,166,286,895
Total Liabilities	**5,833,886,861**	5,193,753,754	5,840,935,650
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	**2,498,991,753**	2,498,991,753	2,498,991,753
Additional paid-in capital	**706,364,357**	706,364,357	706,364,357
Revaluation surplus in property and equipment	**3,823,685,321**	2,704,177,114	3,823,685,321
Foreign currency translation adjustment	**46,386,496**	54,703,530	46,386,496
Fair value reserve	**3,995,121**	2,932,577	3,995,121
Retirement benefits reserve	**126,222,421**	122,581,712	126,222,421
Earnings/(Deficit)			
Appropriated	-	-	
Unappropriated	**1,270,474,575**	651,128,376	1,113,890,733
Total Equity Attributable to Equity Holders of the Parent Company	**8,476,120,044**	6,740,879,419	8,319,536,202
Non-controlling Interest	**1,075,261,158**	796,838,162	1,082,827,065
Total Liabilities and Equity	**15,385,268,063**	12,731,471,335	15,243,298,917

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
As of March 31, 2021

	Unaudited	Unaudited	Audited
	March 31, 2021	March 31, 2020	December 31, 2020
REVENUES			
Hotel	**180,066,150**	290,067,049	844,268,744
Nonhotel	**1,733,259**	90,639,974	188,896,549
Interest and other income	**79,041,453**	78,630,392	21,467,007
	260,840,862	459,337,415	1,054,632,300
COSTS AND EXPENSES			
Cost of sales			
Hotel	**121,139,583**	131,211,159	479,632,086
Nonhotel	**31,852,264**	101,030,730	238,022,662
	152,991,847	232,241,889	717,654,748
	107,849,015	227,095,526	336,977,552
OTHER EXPENSES (INCOME)			
Depreciation and amortization	**41,510,474**	37,678,210	336,514,813
Interest expense	**75,268,868**	30,400,778	169,380,068
Penalties and other charges	-	-	
Impairment losses, bad debts written off and provisions	-	-	19,499,721
Casualty losses	-	-	(854,519,803)
Interest income	-	-	(130,289,367)
Foreign exchange losses (gains) - net	-	-	(10,671,294)
Others - net	**3,103,263**	95,826,123	
	119,882,605	163,905,111	(470,085,862)
INCOME(LOSS) BEFORE INCOME TAX	**(12,033,591)**	63,190,415	807,063,414
INCOME TAX EXPENSE (BENEFIT)	-	-	123,597,065
NET INCOME (LOSS)	**(12,033,591)**	63,190,415	683,466,349
OTHER COMPREHENSIVE INCOME			
Appraisal on increase on property and equipment	-	-	1,875,632,000
Foreign currency translation differences for foreign operations	-	-	(8,317,034)
Actuarial gains on defined benefit plan	-	-	27,184,080
Net change in fair value of AFS investment	-	-	1,907,620
Deferred tax effect	-		(570,844,827)
	-	-	1,325,561,839
TOTAL COMPREHENSIVE INCOME (LOSS)	**(12,033,591)**	63,190,415	2,009,028,188

Forward

	Unaudited	Unaudited	Audited
	March 31, 2021	March 31, 2020	December 31, 2020
Net income/loss attributable to:			
Equity holders of the Parent Company	**(1,526,930)**	75,245,124	394,555,853
Non-controlling interest	**(10,506,661)**	(12,054,709)	288,910,496
	(12,033,591)	63,190,415	683,466,349
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**(1,526,930)**	75,245,124	1,692,071,441
Non-controlling interest	**(10,506,661)**	(12,054,709)	316,956,747
	(12,033,591)	63,190,415	2,009,028,188
EARNINGS PER SHARE - Basic and Diluted	**(0.001)**	**0.030**	0.158

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As of March 31, 2021

	Unaudited	Unaudited	Audited
	March 31, 2021	March 31, 2020	December 31, 2020
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Capital stock - P1 par value per share	**2,498,991,753**	2,498,991,753	2,498,991,753
Additional Paid-in Capital	**706,364,357**	706,364,357	706,364,357
Revaluation Surplus in Property and Equipment			
Balance at beginning of year	**3,823,685,321**	2,704,177,114	2,704,177,114
Other comprehensive income - net of income tax effect	-		1,286,683,552
Derecognition of land held under finance lease due to acquisition of a subsidiary			-
Transfer of revaluation surplus absorbed through depreciation for the year - net of income tax effect			(167,175,345)
Balance at end of year	**3,823,685,321**	2,704,177,114	3,823,685,321
Unrealized Valuation Gain (Loss) on AFS Investments			
Balance at beginning of year		-	
Valuation loss taken into equity during the year	-	-	-
Change in equity ownership of non-controlling interest in a subsidiary	-	-	-
Balance at end of year	-	-	-
Foreign Currency Translation Adjustment			
Balance at beginning of year	**46,386,496**	54,703,530	54,703,530
Other comprehensive income - net of income tax effect	-	-	(8,317,034)
Balance at end of year	**46,386,496**	54,703,530	46,386,496
Deficit			
Appropriation for renovation and business expansion	-		-
Unappropriated			
Balance at beginning of year	**1,113,890,733**	515,575,652	552,159,535
Transfer of revaluation surplus absorbed through depreciation for the year - net of income tax effect	**168,617,432**	-	167,175,345
Change in retirement benefits reserve		-	
Net income for the year	**(12,033,590)**	135,552,724	394,555,853
Balance at end of year	**1,270,474,575**	651,128,376	1,113,890,733
Total deficit	**1,270,474,575**	651,128,376	1,113,890,733
	8,345,902,502	6,615,365,130	8,189,318,660
Fair value reserve, beginning of the year	**3,995,121**	2,932,577	3,995,121
Other comprehensive income-net tax effect		-	
Total fair value reserve	**3,995,121**	2,932,577	3,995,121
Retirement benefits reserve, beginning of the year	**126,222,421**	108,135,895	108,135,895
Other comprehensive income-net tax effect	-	14,445,817	18,086,526
Total retirement benefits reserve	**126,222,421**	122,581,712	126,222,421
	8,476,120,044	6,740,879,419	8,319,536,202
NON-CONTROLLING INTEREST			
Balance at beginning of year	**1,082,827,065**	765,870,318	1,082,827,065
Derecognition related to land due to recession of finance lease			-
Change in equity ownership of non-controlling interest in a subsidiary			-
Valuation loss on AFS investments taken into equity during the year	**2,940,754**	43,022,553	-
Reacquisition of APHC shares	-	-	-
Other comprehensive income - net of income tax effect		-	
Net income/(loss) for the year	**(10,506,661)**	(12,054,709)	
Balance at end of year	**1,075,261,158**	796,838,162	1,082,827,065
	9,551,381,202	7,537,717,581	9,402,363,267

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES **Annex A**
CONSOLIDATED STATEMENTS OF CASH FLOWS **Page 4 of 4**
As of March 31, 2021

	Unaudited	Unaudited	Audited
	March 31, 2021	March 31, 2020	December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(12,033,590)**	63,190,416	807,063,414.00
Adjustments for:			
Depreciation and amortization	**41,510,474**	37,678,210	336,514,813.00
Interest expense	**75,268,868**	30,400,778	169,380,068.00
Loss on sale on acesite shares	-		
Retirement benefit costs	-	19,442,076	10,263,697.00
Provisions	**(25,826,487)**	(30,284,990)	
Unrealized foreign exchange loss (gain)			(19,061,098.00)
Income due to rent concession	-		(3,474,244.00)
Gain from insurance claims) casualty losses	-		(854,519,803.00)
Impairment losses	-		19,499,721.00
Interest income	**(43,501,764)**	(78,630,392)	(130,289,367.00)
Operating income before working capital changes	**35,417,501**	41,796,098	335,377,201
Decrease (increase) in:			
Receivables	**(50,761,358)**	91,684,793	134,153,525
Inventories	**1,495,778**	2,229,430	7,740,997
Prepaid expenses and other current assets	**(4,126,404)**	(108,243,546)	(5,984,791)
Increase (decrease) in:			
Accounts payable and accrued expenses	**231,384,344**	(53,994,653)	(266,313,750)
Other current liabilities	**(63,289,592)**	24,657,770	(10,669,087)
Cash generated from operations	**150,120,270**	(1,870,109)	194,304,095
Interest received	**43,501,764**	78,630,392	7,648,410
Income taxes paid	**(61,493,566)**	39,202,651	(81,337,379)
Retirement plan contributions paid	-	-	
Benefits paid	-		(839,815)
Interest paid	**(75,268,868)**	(30,400,778)	(87,273,039)
Net cash provided by operating activities	**56,859,599**	85,562,156	32,502,272
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	**(146,349,725)**	(37,678,210)	(276,293,895)
Equity securities - at fair value	-	-	(37,500,000)
Due from related parties	**(117,953,815)**	(350,653,814)	295,147,009
Proceeds from insurance claims	-	-	850,222,546
Proceeds from sale of property and equipment		-	
Notes Receivable	**(730,439)**	141,406,808	21,287,524
Increase in other noncurrent assets/liabilities	**(8,549,917)**	632,383,441	(166,745,327)
Net cash used in investing activities	**(273,583,896)**	385,458,226	686,117,857

Forward

	Unaudited	Unaudited	Audited
	March 31, 2021	March 31, 2020	December 31, 2020
CASH FLOWS FROM FINANCING ACTIVITIES			
(Increase)Decrease in loans payable	**(45,812,991)**	(47,276,596)	
Loan Payments	-	-	(277,659,575)
Increase (decrease) in other noncurrent liabilities	**(6,851,181)**	(369,289,338)	64,503,551
Payment of obligation under finance lease			(4,055,092)
Net cash provided by (used in) financing activities	**(52,664,172)**	(416,565,934)	(217,211,116)
INCREASE (DECREASE) IN TRANSLATION ADJUSTMENT FOR T			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(134,694,234)**	54,454,449	501,409,013
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,178,166,307**	675,355,640	676,757,294
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,043,472,073**	729,810,089	1,178,166,307

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Organization and Status of the Business

Corporate Information

Waterfront Philippines, Incorporated (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994. The Parent Company is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines, which is listed in the Philippine Stock Exchange (PSE). The Parent Company holds equity interests in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, and hotel management and operations.

The Parent Company and the following subsidiaries (collectively referred to as the Group) were incorporated in the Philippines, except for Waterfront Promotion Ltd. (WPL) and Club Waterfront International Limited (CWIL), which were registered in the Cayman Islands.

	Percentage of Ownership	
	Direct	Indirect
Hotels and Resorts		
Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI)	100	-
Waterfront Mactan Casino Hotel, Incorporated (WMCHI)	100	-
Waterfront Iloilo Hotel Inc. (WIHI)	100	
Waterfront Puerto Princesa Hotel, Inc. (WPPHI)	100	
Davao Insular Hotel Company, Inc. (DIHCI)	98	-
Acesite (Phils.) Hotel Corporation (APHC)	56	-
Grand Ilocandia Resort and Development, Inc. (GIRDI)	54	-
Real Estate		
CIMA Realty Phil., Inc. (CIMAR)	-	56*
Fitness Gym		
Waterfront Wellness Group, Inc. (WWGI)	100	-
International Marketing and Promotion of Casinos		
WPL	100	-
Mayo Bonanza, Inc. (MBI)	100	-
CWIL (through direct ownership in WPL)	-	100
Waterfront Entertainment Corporation (WEC)	100	-
Pastries Manufacturing		
Waterfront Food Concepts Inc. (WFC)	100	-
Hotel Management and Operation		
Waterfront Hotel Management Corp. (WHMC)	100	-
Investment Holding Company		
Waterfront Cebu Ventures, Inc. (WCVI)	100	

Hotels

Waterfront Cebu City Casino Hotel, Inc.

WCCCHI was incorporated on September 23, 1994 to manage and undertake operations of Waterfront Cebu City Hotel and Casino (WCCHC). WCCCHI achieved a milestone during the year by opening the doors of WCCHC on January 5, 1998, with 158 guest-rooms which has already grown to 561 by the last quarter of 1999, six-storey convention center known as the Waterfront Convention Center, previously known as Cebu International Convention Center and six-storey` Entertainment Block. Located in this Entertainment Block is a 1,000-square meter 5-star restaurant, which completes the Company's restaurants row. On February 5, 1998, PAGCOR commenced operations at the new purposely-built casino at the Entertainment Block.

- Waterfront Convention Center-(WCC)
Waterfront Convention Center previously known as Cebu International Convention Center is a six-storey building, especially-designed to adapt to any event size and purpose, with a total gross area of 40,587 square meters, and has been in operation since January 5, 1998. Major amenities of the center include ten (11) function rooms and two (2) Grand Ballrooms with a seating capacity of 4,000. WCC is the only convention and exhibition center of international standard in Cebu City.

- Entertainment Block
The Entertainment block is a six-storey building with a total gross area of 34,938 square meters. It is comprised of eleven (9) Food and Beverage entertainment outlets, an 11,000 square meters of public and international gaming area that includes the "Casino Filipino", and 62 hotel rooms and suites

- Hotel Tower Block
The Hotel Tower block is a 22-storey building with a total gross area of 44,334 square meters. It consists of a podium, containing the lobby, a food and beverage outlet, a reception, a shopping arcade, three (3) press function rooms, and a high rise block of 498 hotel rooms and suites.

The Hotel, with its fairytale-inspired façade, is conveniently located in the center of Cebu City and is within easy reach from key business, commercial and shopping districts and is just 30 minutes away from the Mactan International Airport.

Waterfront Cebu City Hotel & Casino has elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusive for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2nd floor lounge is outfitted with 3 computer stations, where guests can avail of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games. The hotel offers a 10,000-square meter convention center, which is the largest convention center in the Visayas and Mindanao, and is designed to adapt to multiple types of events. The convention center is equipped with 10 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, each seating 4,000people. It has played host to a myriad of national as well as regional events, conventions and conferences.

Waterfront Cebu City Hotel and Casino operates 9 F&B outlets, including a hotel coffees shop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms. The newly renovated lobby was inspired based on two main objectives; first, to transform the existing single dimension grand lobby into a multi-dimensional lifestyle-concept space that will enhance the guests' experience when dining and lounging in the lobby; and second, to improve traffic patterns, through the construction of larger check-in areas and through maximizing the Lobby's three entrances. Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has always been its principal attraction in fact it is touted as the largest hotel lobby in Visayas-Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance. Apart from improvements to the general structure of the lobby, the Lobby Lounge itself will offer an all-new dining and lounging experience, with newly-installed glass panels, semi-closing each side of the lounge. Fully-equipped bar areas have also been installed in the middle of each of the lounge's two sections, ensuring diners of more efficient and prompt service. To enhance the overall guest experience, the hotel has put together additional features such as nightly entertainment from the city's top performers, and soulful afternoon music by soloists. Among the hotel's newest pride comes in the form of delectable treats, introducing Lobby Lounge's new service concepts.

Afternoon.Tea
Guests can now relive the splendor and grace of the old English days with the Lobby Lounge's Afternoon Tea offering. It is a tea and dessert concept created to give guests a whole new tea experience by giving emphasis on unique ways to enjoy a cup of tea. Guests can expect an array of snack choices to complement their tea selection. The Afternoon Tea comes with a choice of Traditional Afternoon Tea with a Local Twist or Chocolate Temptations. For each selection, guests may opt for tea, coffee or hot chocolate. Each selection also comes with a variety of snack options to go along with their choice of beverage.

Wine Dispenser
Guests can now take a sip of Lobby Lounge's extensive selection of wine. The wine dispenser is an innovative addition to the wining and dining experience at the hotel. It serves the purpose of allowing guests to select among an array of bottles, through tasting by the glass. This concept intends to give guests an opportunity to sample different wines in small amounts before deciding to order a full glass or bottle. Guests may test wines from the dispenser in three different amounts. This way, guests can choose the perfect wine fit for their palate. To enjoy the wine dispenser service, guests must avail of the Wine Card which comes in prepaid or postpaid.

To complement the Hotel's main lobby, a group check-in counter is constructed, dedicated solely to corporate and travel groups; a larger Duty Free shopping is also provided; and an additional Casino Filipino gaming space of 2,350 square meters is launched together with it. This will not only enhance the current lobby, but will also increase operational efficiency and add more exciting features for the hotel's customers.

Waterfront Mactan Casino Hotel, Inc.

Waterfront Mactan was incorporated on September 23, 1994 to manage and undertake operations of Waterfront Mactan Island Hotel and Casino (WMIHC). WMCHI has completed Phase I of Waterfront Mactan Island Hotel and Casino (WMIHC). It is located right across Mactan-Cebu International Airport, on a land area of approximately 3.2 hectares. The hotel features 164 rooms and suites, 6 food-and-beverage and entertainment outlets, with a total built-up area of 38,000 square meters. Equipped with one of the largest casinos in the Philippines, WMIHC has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights. For future development, Phase II, consisting of 200-guest rooms, will be built depending on the demands of the market. It has recently improved its rooms by installing fax machines and Internet connections to cater to the needs of its guests. Additionally, the company has acquired the newest hospitality software in the industry, the OPERA Property Management System, which is designed to help run the hotel operations at a greater level of productivity and profitability. This was installed last January 14, 2003.

The hotel is conveniently located in front of the Mactan International and Domestic Airport, just a three-minute drive to the Industrial Zone, a fifteen-minute drive to the beaches of Mactan Island and just thirty minutes away from Cebu City's shopping and financial district.

In 2016, the property extended the Annex parking to provide more slots for the guests.

Davao Insular Hotel Company, Inc. or Waterfront Insular Hotel Davao, Inc.

Davao Insular Hotel Company Inc. was incorporated in the Philippines on July 3, 1959 to engage in the operation of hotel and related hotel businesses. The hotel is a 98% owned subsidiary of Waterfront Philippines, Incorporated and is operating under its trading name Waterfront Insular Hotel Davao. Waterfront Insular Hotel, the prestigious business hotel in a sprawling garden resort setting, is only five to ten minutes to the downtown area. Nestled along the picturesque Davao Gulf, its open air corridors provide a refreshing view of the hotel's beautifully landscaped tropical garden and the sea.

With a greater area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibit groups. The hotel consists of four low-rise buildings of 159 guest rooms and suites, 5 function rooms and 6 F&B outlets .Every room opens to a lanai overlooking a lush garden the blue waters of the Davao Gulf or a scenic coconut grove. Features included in the newly re-opened hotel are the 5 Gazebos located along the beach area. The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City. Discover the rich cultural heritage of Davao which stems from the different groups and tribes that populated the area throughout its history and be astonished of artworks in the hotel lobby where it showcases pieces of artifacts featuring the various object d'art from the different tribes and historical.

On 2015, the property re-opens its gym with 48 square meters to continuously serve its guests and to ensure guests satisfaction.

Acesite (Phils.) Hotel Corporation

The principal property of the Company is a 22-storey building known as the Manila Pavilion Hotel located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila. The Hotel has 337 guestrooms and suites that have individually controlled central air conditioning, private bathroom with bathtub and shower, multi-channel radio, color TV with cable channels and telecommunications facilities. It has 3 function rooms and one of this is Alcuaz which can accommodate 250-300 guests. The hotel has approximately 2,200 sq. meters of meeting/banquet/conference facilities, and also houses several restaurants, such as Seasons Café (coffee shop), the El Rey (bar & lounge) and the Patisserie (bakeshop and deli items). Other guest services and facilities include a chapel, swimming pool, gym, business center and a valet-service basement car park. Concessionaires and tenants include beauty salon, foot spa, photography services, transportation services, travel agency, flower shop and boutiques. In addition, Casino Filipino – Pavilion, owned and operated by PAGCOR, occupies part of the first, second, third, fourth and fifth floors (a total of 12,696.17 sq. m.) of the building.

The Company acquired 100% interest of CIMAR, a former subsidiary of Acesite Limited (BVI) or ALB, in October 2011. In July 2011, The Company and CIMAR executed a Memorandum of Agreement (MOA), which effectively settle all pending cases and controversies between the two parties. In fulfillment of all the terms and conditions of the MOA, CIMAR's stockholders including all their nominees, agreed to sign, sell, transfer and convey all existing shares of stocks of CIMAR to the Company.

Year 2015, Alcuaz function that can accommodate 250-300 guests was renovated and 111 rooms under superior room category were opened.

Waterfront Hotel Management Corporation (*previously Waterfront Management Corp.)*

G-Hotel by Waterfront located in 2090 Roxas Boulevard, Malate Manila was managed by Waterfront Management Corporation starting November of 2006. It is a seven-story building with 10 deluxe suites, 20 deluxe king and 20 deluxe twin rooms which offers a personalized butler service. A boutique hotel boasting with its trendy Café Noir, pool bar Mirage and an elegant ballroom, Promenade, added to the list of must-go places in the busy district of Manila. The black and white concept of its lobby is distinctly G-Hotel.

On October 01, 2014, the BOD approved the cessation of the Company's business operations. Consequently, the Company's activities were confined mainly to the collection of receivables, settlement of liabilities, and other administrative matters, while maintaining its status as non-operating entity seeking for other business opportunities.

Mayo Bonanza, Inc.

Mayo Bonanza, Incorporated (MBI), a 100% owned subsidiary of WPI was incorporated on November 24, 1995 in the Philippines with principal activities in the operation and management of amusement, entertainment, and recreation businesses. MBI is to extend the gaming business of the Company. Its primary purpose is to establish, operate, and manage the business of amusement entertainment, and recreation facilities for the use of the paying public. The Company entered into an agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) whereby the latter shall operate the former's slot machine outside of casinos in line with PAGCOR's slot machine arcade project.

On May 30, 2016. BOD approved the cessation of the Company's business operations effective July 01, 2016.

Waterfront Horizon Corporation *(previously Waterfront Entertainment Corporation)*

WPI has successfully established the country's first ever integrated hotel reservations and booking system featuring a full-service, round-the-clock, 7 days a week Central Reservation Office. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialize hotel consultancy services to hotel owners, operators, brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective.

Waterfront Food Concepts, Inc.

Waterfront Food Concepts, Inc. is a pastry business, catering to pastry requirements of Waterfront Cebu, Waterfront Mactan and other established coffee shops and food service channels outside the hotels. The property is located in the lobby level of Waterfront Cebu City Casino Hotel. It has started its operation on May of 2006. Its pastry products include cakes, cookies and sandwiches. The subsidiary has already catered most of the renowned coffee shops in the city of Cebu.

Waterfront Wellness Group, Inc.

This subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. Previously Citigyms and Wellness, Inc. is a fully equipped gym with specialized trainers and state of the art equipments. The gym offers variety of services from aerobic instructions to belly dancing, boxing, yoga classes and a lot more. It also has its own nutritionist/dietician. Its highly trained therapists perform massage and spa services to guests within the hotel.

Citigym entices the public by opening The Citigym Hit Zone. This is Citigym's "Do It Right" and smart solution to Cebu's growing interest in high intensity workout routines.

Grand Ilocandia Resort and Development, Inc.

As of March 31, 2000, the Company carried its investments in GIRDI at cost since it intended to dispose such investment in the near future. In November 2000, GIRDI sold all of its property and equipment, inclusive of the hotel facilities and related operating assets and the investment in marketable securities.

Waterfront Promotions Limited/Club Waterfront International Limited

Waterfront Promotion Ltd. was incorporated on March 6, 1995, under and by virtue of the laws of Cayman Islands to act as the marketing arm for the international marketing and promotion of hotels and casinos under the trade name of Club Waterfront International Limited (CWIL). It is a wholly owned subsidiary of Waterfront Philippines, Inc., a domestic company. Under the agreement with PAGCOR, WPL has been granted the privilege to bring in foreign players under the program in Waterfront Cebu City Hotel and Grand Ilocandia Resort Development Corp. On the other hand, CWIL is allowed to bring in foreign players in Waterfront Mactan Hotel. In connection to this, the company markets and organizes groups of foreign players as participants to the Philippine Amusement and Gaming Corporation's (PAGCOR) Foreign Highroller Marketing Program. The company also entered into agreements with various junket operators to market the casinos for foreign customers. Under these agreements, the company grants incentive programs to junket operators such as free hotel expenses, free airfares and rolling commissions.

The company participated in a joint venture with Jin Lin Management Corporation, its sole marketing agent and co-venturer on September 24, 2001. This joint venture was terminated on April 15, 2002.

The operations for Waterfront Promotions Limited and likewise for Club Waterfront International Limited had ceased for the year 2003 in March due to the bleak market.

Waterfront Iloilo Hotel Inc.

Waterfront Iloilo Hotel Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on March 29, 2019 primarily to operate and manage a resort hotel and a restaurant that caters to the guests of the hotel.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by the The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations. The Company's registered office address is at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa, Barangay 666, Ermita, City of Manila, NCR, Philippines, 1000.

Waterfront Puerto Princesa Hotel, Inc.

Waterfront Puerto Princesa Hotel, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on May 15, 2017 primarily to acquire and hold real property such as lands, buildings and personal property of all kinds, to sell, lease, convey, mortgage, construct, improve and develop, contract for, manage, administer and or operate, alone or jointly with others any interest in real or personal property as well as in hotels, inns, lodging houses, resorts and all adjunct and accessories thereto, including restaurants, cafes, bars, stores and offices, barbershops and beauty lounges, sports facilities, places of amusement and entertainment of all kinds; to invest in other corporations for the advancement of its interest or to grant concessions, rights or licenses to others to operate, manage or deal with the same, to do any and all things necessary, suitable, convenient, proper or incidental to the accomplishment of the above purposes.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by the The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations. The Company's registered office is at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa St., Ermita, Brgy. 666, Manila City 1000.

Waterfront Cebu Ventures, Inc.

Waterfront Cebu Ventures, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on August 24, 2018 primarily to carry on the business of an investment holding company.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations. The Company's registered office address is located at No. 1 Waterfront Drive, Off Salinas Drive, Barangay Lahug, Cebu City.

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity if and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.
The accounting policies of subsidiaries are being aligned with the policies adopted by the Group.
Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Segment Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.
Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's businesses are operated and organized according to the nature of business provided, with each segment representing a strategic business unit, namely, the Hotel operations, Marketing operations and Corporate and Other Operations segments.
The Group's only reportable geographical segment is the Philippines.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income is measured at the fair value of the consideration received, net of trade discounts, rebates, and other sales taxes or duties. The following specific criteria must also be met before revenue is recognized:

Rooms
Room revenue is recognized based on actual occupancy.

Food and Beverage
Food and beverage revenue is recognized when orders are served and billed.

Rent and Related income
Rent and related income on leased areas of the Group's properties is accounted for on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at amount collected or collectible based on the contract provision.

Other Revenues
Other revenues are recognized upon execution of service or when earned.

Interest Income
Interest income is recognized as it accrues using the effective interest method.

1. Cash and Cash Equivalents

Cash in banks earn interest at the respective bank deposit rates. Short-term placements earn interest at annual average rate of 0.50% to 5.00% in 2020 with average maturities ranging from 30 to 90 days and 0.13% to 3.50% in 2019 with average maturities ranging from 30 to 35 days.

2. Receivables

This account consists:

	March 2021	March 2020
Trade	212,973,537.11	195,594,816
Others	408,588,725.53	476,518,833
	622,433,350.90	**672,113,649**
Less allowance for doubtful accounts	(40,156,573.64)	(12,121,749)
Total	**581,405,689.00**	**659,991,900**

3. Inventories

This account consists of:

	March 2021	March 2020
Food and Beverage	8,459,469.47	15,547,435
Operating Supplies	10,517,010.31	11,485,647
Others	2,228,903.22	1,179,646
Total	**21,205,383.00**	**28,212,728**

4. Related Party Transactions

This represents interest bearing advances from TWGI and PRC These advances are due in one year, subject to renewal. The advances to TWGI charge interest at 4% and 6% per annum in 2020 and 2019, respectively, while the advances to PRC charge interest at 2% per annum in 2020 and 2019. Advances to PHES, FHC, PCIC, East Asia and PWRDC are noninterest-bearing, collateral-free and with no fixed term of repayment.

5. Accounts Payable and Accrued Expenses

This account consists of:

	March 2021	March 2020
Trade	471,452,005.38	329,263,833
Accrued Expenses	127,305,936.91	320,888,907
Others	1,144,059,306.71	1,431,413,744
Total	**1,742,817,249.00**	**2,081,566,485**

6. Loans Payable

This account consists of:

SSS Loan

SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII numbering 235 million and 80 million shares, respectively.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS appealed with the CA assailing the RTC of Quezon City decision in favor of the Parent Company, et al. SSS filed its Appellant's Brief and the Parent Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Parent Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Parent Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Parent Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Parent Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

On August 30, 2019, the CA rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.
On November 4, 2019, the counsel for the Parent Company, WII and TWGI filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020. As at the date of the BOD’s approval of the consolidated financial statements, the Parent Company is still awaiting Notice/Resolution from the SC on the Petition for Review.

7. The earnings (loss) per share is computed as follows:

	March 2021	**March 2020**
Net Income (Loss)	(1,526,930)	75,245,124
Weighted Average Number of Shares Outstanding	2,498,991,753	2,498,991,753
Earnings (Loss) per share	**(0.001)**	**0.030**

There are no dilutive potential shares as March 31, 2021 and 2020.

8. Lease Agreement with Philippine Amusement and Gaming Corporation (“PAGCOR’)
The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016. Thereafter, PAGCOR paid the WCCCHI and WMCHI rental on a month-to-month basis. The lease was renewed on February 15, 2018, for a period of 1 year. On May 29, 2019 the lease was further renewed until the year 2032.

For APHC, the lease agreement with PAGCOR covered the Main Area (7,093.05 sq.m.), Expansion Area A (2,130.36 sq.m.), Expansion Area B (3,069.92 sq.m.) and Air Handling Unit Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2016. As at December 31, 2017, PAGCOR continued to operate a portion of the lease area on a month-to-month basis while completing its pullout from the Hotel. The month-to-month lease of PAGCOR effectively ended on March 18, 2018 due to the fire incident.

9. Other Lease Agreements

Group as Lessor
Lease Agreements with Concessionaires
WCCCHI, WMCHI and DIHCI have lease agreements with concessionaires for the commercial spaces available in their respective hotels. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.

Group as Lessee
Land under Operating Lease
On September 15, 1994, Waterfront Hotel and Resort Sdn. Bhd. (WHR), a former related party, executed a lease contract (the Agreement) with Mactan Cebu International Airport Authority (MCIAA) for the lease of certain parcels of land where the hotels were constructed. On October 14, 1994, WHR assigned its rights and obligations under the MCIAA contracts to WCCCHI and WMCHI.

10. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group:

a. On November 10, 2008, the Parent Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Parent Company sent a protest letter to BIR contesting the said assessment. On February 18, 2009, the Regional Office of the BIR sent a letter to the Parent Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification.

On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. The Parent Company decided not to contest the EWT assessment. The BIR filed its motion for reconsideration (MR) on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only.

As at December 31, 2017, the Parent Company is still awaiting the SC's decision.

On May 02, 2018, the legal counsel served copies of the reply in the case pending before the Court of Tax Appeals.

Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Below are the results of operations of the Parent Company and its subsidiaries, for the period ending March 31, 2021 and 2020 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

	March 2021	**March 2020**
Revenues	**260,840,862**	459,337,415
Less: Costs and Expenses	**152,991,847**	**232,241,889**
Net Income (Loss) Before Fixed Financial and Other Charges	**107,849,015**	**63,190,415**
Less: Fixed Financial and Other Charges (Dep'n and Amort'n, and Interest)	**119,882,605**	**163,905,110**
Income (Loss) before Income Tax	**(12,033,591)**	**63,190,415**
Income Tax Expense (Benefit)	**0.00**	**0.00**
Income (Loss) before Share in Minority Interest	**(1,526,930)**	**75,245,124**
Share of Minority Interest	**(10,506,661)**	**(12,054,709)**
Net Income (Loss)	**(12,033,591)**	**63,190,415**
Earnings (loss) Per share	**(0.001)**	**0.026**

FINANCIAL CONDITION

	March 2021	**March 2020**
Assets		
Current assets	**4,332,879,692**	**4,300,053,815**
Non-current Assets	**11,052,388,372**	**8,431,417,520**
Total Assets	**15,385,268,063**	**12,731,471,335**
Liabilities and Stockholders' Equity		
Current Liabilities	**2,865,552,083**	**2,797,567,466**
Non-current Liabilities	**2,968,334,777**	**2,396,186,288**
Total Stockholders' Equity	**8,476,120,044**	**6,740,879,419**
Minority Interest	**1,075,261,158**	**796,838,162**
Total Liabilities and Stockholders' Equity	**15,385,268,063**	**12,731,471,335**

RESULTS OF OPERATIONS

Period ended March 31, 2021 compared to Period Ended March 31, 2020.

Income Statement

Hotels and other subsidiaries gross revenues for the first quarter of 2021 and 2020 are Php 260,841 million and Php 459,337 million respectively, decrease of 43% from last year. Consolidated costs and expenses for all properties decreased by 31% as compared from last year.

Seasonality or Cyclicality of Interim Operations

1ST QUARTER

As countries continue to grapple with controlling the spread of COVID-19, the meetings and events industry has begun the long and challenging road to recovery. The Group opened its facilities and functions for special events and accommodated local guests through online bookings and walk-ins, government and corporate clients which include airline, telecommunication and utility companies. For Food and Beverage, the Group has adapted to the trend of food delivery by reimagining the outlet menus in such a way that clients get to taste our sumptuous dishes right at the comfort and safety of their homes.

We may see tough times ahead of us but the Waterfront Group is equipped with the strength of its manpower coupled with strategies that demonstrate resilience and adaptive innovation to ensure that the Group will bounce back.

Occupancy Percentage
The occupancy percentage is 16.39%. Occupancy percentage is computed by dividing the total number of rooms sold over the total number of rooms available for sale.

Average Room Rate
Average room rate is Php 2,046.18. Average room rate is computed by dividing the net rooms revenue over the total number of rooms sold.

Food Covers
Food covers are 70,449. Food covers pertains to the number of guests that availed of the restaurants services.

Average Food Check
The average food check or average consumption per guest is Php 457.65. Average Food Check is derived by dividing the total food and beverage revenue by total food covers.

Average Food Cost
The average food costs is 40.36%. Average Food Cost is computed by dividing the total food and beverage revenue by total food cost.

Revenues and Earnings per Share
Revenues decreased by 43%, Php 260.84 million for the first quarter of 2021 and Php 459.34 million of the same quarter last year and operating expenses decreased by 34%.

GOP at Php 107.85 million in 2021 and Php 227.09 million in 2020, a decrease of 53% compared to last year. Earnings per share this quarter is at Php 0.001 while same quarter last year was at Php 0.030.

Fixed Financial and Other Charges
Total fixed financial and other charges, Php 119.88 million, reflecting a decrease of 27% from the previous year's PHP 163.90 million.

FINANCIAL CONDITION

Cash and Cash Equivalents
Cash and cash equivalents as of the first quarter of this year is at Php 1.043 billion, higher by Php 313.66 million from last year or 43%.

Receivables
Receivables for the period decreased from Php 659.99 million first quarter last year to Php 581.40 million first quarter this year.

Notes Receivable
The Group extended loans to Acesite Leisure and Entertainment Corporation (ALEC). It has increase to Php 224.10 million this quarter.

Insurance Receivable
On March 18, 2018, a fire broke out at the hotel of Acesite (Phils.) Hotel Inc. damaging several floors, casinos and restaurants. Operations have been suspended since then. The Hotel has insurance coverage to answer for the damages sustained. It is expected that operations will continue after damages are repaired.

Inventories
Inventory this year showed a decrease of 25%.

Due from related parties-current portion
This account decreased by 9% from last year's first quarter. This represents interest bearing advances from TWGI and PRC. Non-interest bearing advances from PHES and AFS investment.

Due from related parties-noncurrent portion
This account increased by 36% from last year's Php 830.65 million.

Property, Plant and Equipment
The account increased by 31% or Php 2.062 billion from last year.

Accounts Payable and Accrued Expenses
This account decreased by 338.75 million from last year.

Loans Payable
This account decreased by Php 186.57 million or 12%.

Key Variable and Other Qualitative and Quantitative Factors:
a. Any known Trends, Events or Uncertainties

The Group has assessed that although COVID-19 will not have significant effect on its ability to continue as a going concern, it will still have continuing impact on its operations. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's financial statements when these become estimable.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
c. There are no material off-balance sheet transactions, arrangements, obligations (including, contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
d. There are no material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.
e. From continuing operations, the Company is not exposed to any significant elements of income or loss except for those already affecting profit or loss.

f. Significant elements of income or loss that did not arise from the issuer's continuing operations other than those already affecting profit or loss.
The Group has assessed that COVID-19 will continue to have significant impact on its operations. The Group may sustain a low level of profit during this period. Recovery in hotel industry is likely to take stages. Domestic leisure travel will fuel the first phase of recovery. The second phase of recovery is likely to occur in the second quarter of 2021, with small and medium events. The third phase of recovery is expected to resume in the third quarter of 2021, with group and business travel.

Risk Management Structure
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee
Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk and Capital Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors and advances to supplier), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The credit quality of the Group's financial assets that are neither past due or impaired is considered to be of good quality and expected to collectible without incurring any credit losses.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's financial instrument that is primarily exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375.00 million loan from SSS, as well as the stock rights offering of the Parent Company. Since 2006, the Parent Company charged WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. Starting 2017, WCCCHI was not anymore charged with the interest on SSS loan because the Parent Company has assessed that if it has already fulfilled its obligations related to its use of proceeds from such loan.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed in the PSE totaling to 86.71 million shares as at December 31, 2020 and 2019.

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

The fair value of listed investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2020 and 2019.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

The fair value of listed investment was determined using the closing market price of the investment listed on the PSE.

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2020 and 2019.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE- Intercompany
As of March 31, 2021

Trade Receivables	0-30 days	31-60 days	61-90 days	91-120 days	121 days over	Total
Waterfront Cebu City Casino Hotel Inc.	3,021,403.26	2,237,696.62	2,121,151.87	772,968.78	54,133,477.15	62,286,697.68
Waterfront Airport Hotel and Casino	2,641,736.13	2,701,261.53	1,556,747.48	3,227,621.03	22,914,378.94	33,041,745.11
Waterfront Insular Hotel Davao	573,368.90	301,008.23	328,470.36	185,811.80	3,683,660.32	5,072,319.61
Manila Pavilion Hotel					15,658,269.60	15,658,269.60
Total	**6,236,508.29**	**5,239,966.38**	**4,006,369.71**	**4,186,401.61**	**96,389,786.01**	**116,059,032.00**

Certification

I, RICHARD L. RICARDO, Compliance Officer of WATERFRONT PHILIPPINES, INC., with SEC Registration Number AS094-8678 with principal office at NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU CITY, on oath state:

1.) That on behalf of WATERFRONT PHILIPPINES, INC., I have caused this SEC **Form 17 Q1** to be prepared;

2.) That I read and understood its contents which are true and correct with my own personal knowledge and/or based on true records;

3.) That the company WATERFRONT PHILIPPINES, INC., will comply with the requirements set forth by SEC for a complete and official submission of reports and/or documents through electronic mail; and

4.) That I am fully that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of processing fee.

IN WITNESS WHEREOF, I have hereunto set my hands this ____________ day of 07 JUN 2021, 2021.

RICHARD L. RICARDO
Affiant

SUBSRCIBED AND SWORN to before me this _______ day of 07 JUN 2021 2021.

NOTARY PUBLIC

Doc. No. 290
Page No. 78
Book No. 12
Series of 2021

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2021
Notarial Commission No. 2020-030
IBP # 092831 Pasig 10-7-2019
PTR # 9823042 Mla. 1-4-2021
Roll # 25473, TIN # 103-098-346
MCLE Compl. No. VI- 0011418 until 4-14-2022